

Pace

TRANSPORTATION LIBRARY

MAR 24 1995

NORTHWESTERN UNIVERSITY

1995 Operating and Capital Program

1995-1997 Financial Plan for Operations and

1995-1999 Capital Plan

DRIVEN

pace

TO SUCCEED

1 9 8 4 - 1 9 9 4

Final November 1994

TRAN
HE
5268.C4
S941a
1995



3 5556 023 489 735

Pace Final 1995 Budget November, 1994

Board of Directors

**Pace 1995 Operating and Capital Program,
1995-1997 Financial Plan and
1995-1999 Capital Plan**

Florence Boone
Chairman

Board of Directors

Barclay W. (Bud) Fleming	South Suburban Cook County
James R. Jimenez	Will County
Lorraine Popelka	North Central Suburban Cook County
Carl F. Roth	DuPage County
Vernon T. Squires	North Shore Suburban Cook County
Chester Stranczek	Southwest Suburban Cook County
Richard L. Verbic	Kane County
Carl Wehde	McHenry County
Richard Welton	Lake County
Charles J. Zettek	Northwest Suburban Cook County
(Vacant)	Central Suburban Cook County

Joseph DiJohn
Executive Director

Table of Contents

TRAN
HE
5268.04
S941a
1995

Executive Summary	1
Introduction	3
System Overview	4
Service Characteristics	4
Fare Structure	7
Pace System Infrastructure	8
Pace Rolling Stock-Active Fleet	10
Operating Environment	11
Operating Strategy	14
Long Range Planning	16
1995 Operating Budget	18
Issues	18
Summary	19
Source/Use of Funds	20
Summary Table	25
Pace-Owned Carrier Budget	26
Public Contracted Service	27
Private Contract Carriers	28
Dial-a-Ride	29
ADA Paratransit	30
Cook-DuPage Special Services	31
Vanpool	32
Southwest Rapid Transit	33
Centralized Support	34
Administration	35
Organizational Overview & Chart	36
1995 Capital Program Budget	39
Summary	39
Capital Funding Sources	40
Summary Table	43
Program Description	44
1995-1999 Capital Plan	47
Summary	47
Five Year Program Strategies	48
Summary Table	51
1995-1997 Financial Plan/Fund Balance	52
General & Assumptions	52
Fund Balance	54
Summary Table	55
Variance Analysis/Cash Flow	56
Conclusion	59
Appendix A—1993-1995 Detail by Program	60
Appendix B—RTA/Paratransit Grant	66
Appendix C—Budget Process/Basis/Debt	69
Appendix D—Glossary	71
Appendix E—Reference	74

Executive Summary

Operating Program and Budget

The 1995 operating and capital program and budget contained in this document is summarized as follows:

The 1995 operating expense totals \$101.8 million. This cost will be covered by \$36.0 million in operating revenue, \$65.3 million in RTA operating subsidies, \$.3 million in federal congestion mitigation air quality (CMAQ) grant funds and .2 million in Pace funds. RTA funding under the 1995 budget is \$1.2 million less than originally planned. This is due to a shortfall in public funding, mostly RTA sales taxes, which for the region are now forecast by the State Bureau of the Budget to be \$8.6 million less than planned for 1995. This shortfall is addressed by three actions; a reduction in overtime pay hours, expected savings from the consolidation of the WILBUS operation into the new North Shore Division, and a contractor capital reimbursement program which will shift some costs to the capital program where funds are available. Pace is pleased that the public

funding shortfall can be addressed without adversely affecting services or fares.

In addition to the shortfall in sales taxes and other public funding, the RTA has reduced Pace's 1995 funding amount by \$.6 million to reflect an expected increase in operating revenue resulting from the planned fare restructuring at the CTA. The CTA is planning to eliminate monthly passes in 1995 and they expect revenues to increase as frequent pass users will have to pay a fare for each trip. The CTA estimates that each pass purchaser takes 120 trips per month and that considering a reduction in trip making, total passenger revenue will increase by over 6% or \$21.6 million.

Pace monthly pass purchasers do not use the system as frequently as do CTA pass users and, therefore, Pace does not anticipate similar revenue growth. The budget includes an estimated \$.6 million in additional operating revenues resulting from the elimination of the joint Pace/CTA monthly pass.

Table 1. 1995 Operating Budget Summary (000's)

Total Operating Expense	\$ 101,843
Less: System Generated Revenue	36,004
Funding Requirement	\$ 65,839
Less: RTA Funding for Operations	\$ (65,321)
CMAQ Grant	(341)
Pace Fund Balance	(177)
Surplus/(Deficit)	\$ 0
System Recovery Ratio	35.1%

Capital Program and Budget

The 1995 capital program totals \$33.5 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA) and the Illinois Department of Transportation (IDOT) are expected to provide \$33.2 million while Pace will commit \$.3 million from its own funds.

The program contains \$12.2 million for the replacement of 15 fixed route buses and the acquisition of 114 paratransit buses. All vehicles will be lift equipped in accordance with ADA requirements. Also included is the purchase of 86 vans for the Vanpool Incentive Program.

The electrical and communications' elements contain \$3.8 million for the purchase of additional equipment for the Transit Vehicle Management System (TVMS).

Major facilities projects totaling \$11.5 million are included in the 1995 program. Highlights include construction of a new Paratransit garage in McHenry County, and park-n-ride facilities in Bolingbrook, Romeoville, Elk Grove Village, and Bridgeview. Pace will also construct new transfer facilities in Oak Park, O'Hare Airport, and Glenview, as well as expand the existing Chicago Heights bus turnaround. Two new transportation centers are planned, one in Homewood and one in Oak Brook.

In addition, \$6.1 million is programmed for signs/shelters, maintenance equipment, office equipment, furniture, computer equipment, major vehicle components, warranties and contingencies/project administration.

Table 2. 1995 Capital Program (000's)

	Amount
Rolling Stock	\$12,224
Electrical/Signal/Communications	3,750
Support Facilities	11,467
Support Equipment	4,175
Contingencies/Project Administration	1,884
Grand Total	\$33,500

Introduction

The Pace operating and capital program for 1995 represents the eleventh annual program for the Suburban Bus Division of the RTA. Created by amendment to the RTA Act in November of 1983, the Suburban Bus Division (Pace) is charged with administering and providing for all non-rail mass transit services in suburban Cook*, DuPage, Kane, Lake, McHenry and Will Counties. Pace is required under the Regional Transportation Authority Act (as amended) to prepare, distribute for public hearing, and adopt an annual program and budget consistent with RTA mandates. The final program and budget must provide for a level of fares and services in balance with available funding and achieve compliance with RTA established revenue recovery levels. A complete description of the budget process and requirements is contained in Appendix C.

Pace is governed by a twelve member board of directors made up of current and former suburban village presidents and city mayors. The title section of this document identifies the members of the Pace Board of Directors and the areas they represent. Each of the directors is appointed by the County Board Chairman from the County they represent. The chairman of Pace is elected by a majority of suburban Cook County Board members and Chairmen of the five other County Boards. Florence Boone, former village president of Glencoe, has chaired the Board since the agency's inception in 1984.

*with the exception of CTA suburban services

System Overview

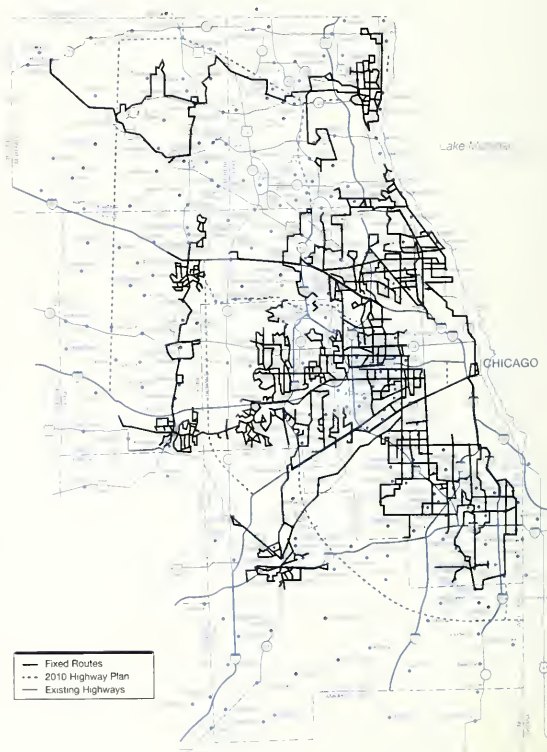
Fixed Route Service Characteristics

The following map and description summarizes the operating characteristics of the Fixed Route system.

Fixed Route Service

140 regular, 79 feeder routes, 9 subscription services and 2 seasonal routes are operated by Pace. These routes service 200 communities and carry nearly 3.0 million riders per month utilizing 589 vehicles during peak periods.

Map 1. Fixed Route Service Characteristics



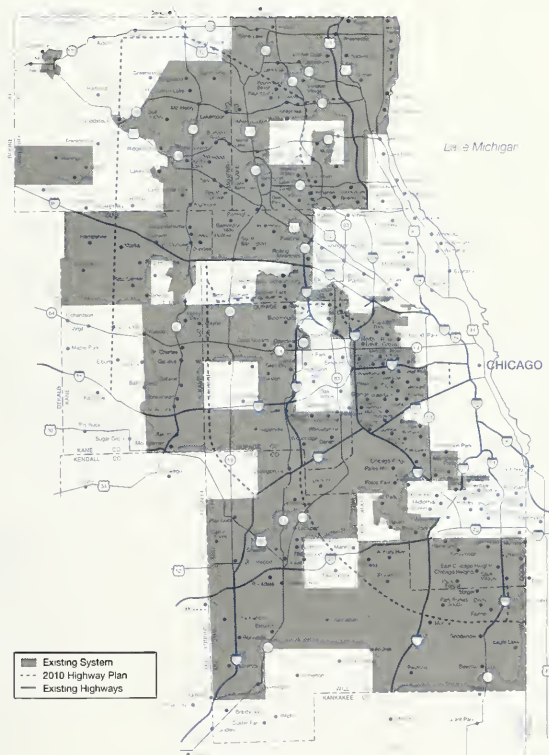
Dial-a-Ride Service Characteristics

The following map and description summarizes the operating characteristics of the Dial-a-Ride system.

Dial-a-Ride

192 Pace-owned lift-equipped vehicles are utilized to provide door-to-door service to approximately 102,800 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 16 dial-a-ride projects and has grant agreements with villages and townships for the operation of 36 other dial-a-ride projects. Also, two other projects are operated by Pace River Division. These 54 projects provide services to over 210 communities throughout the six county area.

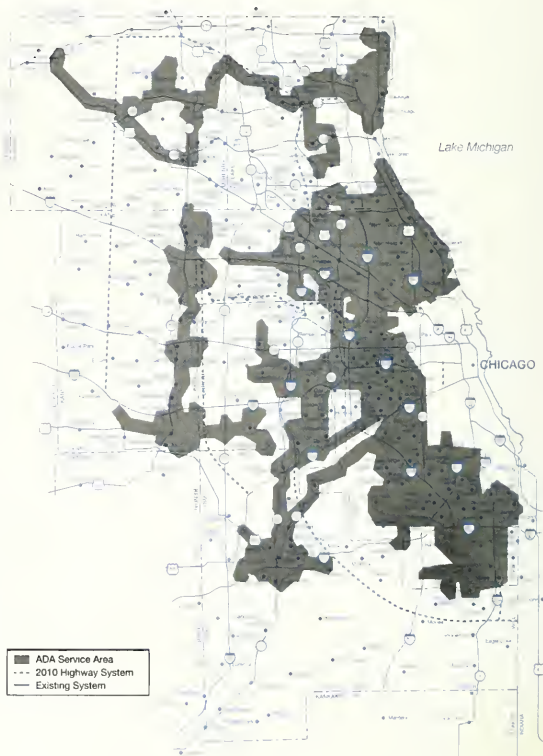
Map 2. Dial-a-Ride Service Characteristics



The following map and description summarizes the operating characteristics of the ADA Paratransit Service Program.

124 Pace-owned lift-equipped vehicles are utilized to provide door-to-door service to approximately 21,250 riders each month. Individuals that are not able to use Pace's fixed routes can register to utilize Pace's ADA paratransit service. The RTA is administering a regional certification program which determines eligibility for this service. Once eligible, passengers can make travel arrangements for trips within the shaded service area. This area represents a corridor of 3/4 mile to either side of Pace's regular fixed routes as called for by federal regulations. Pace contracts with 5 private operators strategically located throughout the service area to provide this service.

Map 3. ADA Paratransit Service Characteristics



Fare Structure

The following table describes the major Pace fares currently in effect and the changes proposed for January, 1995. Also, the CTA has now finalized details of their planned fare restructuring for January of 1995. The cornerstone of the CTA plan is the elimination of the monthly and weekly pass which was valid on both Pace and CTA. As identified in the proposed budget, Pace will hold public hearings on December 1st to review the fare

changes necessitated by the CTA action. In addition to these changes, Pace is proposing the implementation of a monthly pass which is good on most Pace services only. The pass will carry an introductory price of \$39 and is targeted toward those Pace customers that do not need to transfer to the CTA.

Table 3. Fare Structure			
	Current Peak	Current Off Peak	Effective January 1,1995
Regular Fares			
	(6am-10am, 3pm-7pm)	(All other times)	All times
Full Fare	\$ 1.15	\$ 1.15	\$ 1.15
Transfer to CTA	\$.65	\$.40	\$.60 /.35 weekends
Transfer to Pace	\$.10	\$.10	\$.10
Reduced Fare	\$.55	\$.55	\$.55
Transfer to CTA	\$.35	\$.20	\$.30 /.15 weekends
Transfer to Pace	\$.05	\$.05	\$.05
Passes			
	All Times		All Times
Monthly Everyday	\$ 78.00		\$ 39.00 *
Monthly Reduced Fare	\$ 35.00		\$ 19.50 *
Weekly Full Fare	\$ 20.50		Discontinued
Link-Up Ticket	\$ 36.00		\$ 36.00
10 Ride Plus Pass Full Fare	\$ 11.50		\$ 11.50
10 Ride Plus Pass Reduced Fare	\$ 5.50		\$ 5.50
*Valid only on Pace.			
Local Fares			
Full Fare	\$ 1.00		\$ 1.00
Transfer to Pace**	\$.25		\$.25
Transfer to CTA (Peak/Off-Peak)	\$.80/.55		\$.75 /.50 weekends
Reduced Fare	\$.50		\$.50
Transfer to Pace**	\$.10		\$.10
10 Ride Plus Pass	\$ 10.00		\$ 10.00
10 Ride Plus Pass Reduced Fare	\$ 5.00		\$ 5.00
Transfer to CTA (Peak/Off-Peak)	\$.40/.25		\$.35 /.20 weekends
**Local transfers will remain free of charge.			
Express Fares			
	All Times Full Fare	Reduced Fare	
Routes 210,355 & 855 Full Fare	\$ 2.75	\$ 1.35	No Change
Routes 606,610,616,626,737,747 & 757	\$ 1.35	\$.65	in Express
Routes 767,877 & 888	\$ 1.60	\$.80	Fares
Route 835 (Zone E)	\$ 3.30	\$ 1.65	
Other			
	Full Fare	Reduced Fare	
Dial-a-Ride	\$ 1.30	\$.65	No
ADA Paratransit Services	\$ 1.50		Change

Pace System Infrastructure

Since Pace's inception in 1984, the focus of the capital improvement program has primarily been on the replacement of buses and garage facilities. More than \$78.0 million has been spent on the renovation and replacement of ten fixed facility garages. Additionally, more than \$132.0 million has been spent on the purchase of 558 fixed route buses, 316 paratransit buses and over 160 vanpool vehicles. Pace's garages provide inside bus storage for 541 buses with building size totaling nearly 1.0 million square feet.

Pace has recently completed the construction of two new garages, one in Bridgeview and one in North Aurora. Two more major garage facility projects soon to be completed include the renovation of the Des Plaines garage and the construction of a new garage in Evanston. When the North Shore garage in Evanston is operational in late 1994, Pace will consolidate the operation of WILBUS into the new facility.

Pace is also in the final stages of construction of the Northwest Transportation Center in Schaumburg. The facility which features 12 bus bays and parking for over 100 cars is scheduled to open in December, 1994.

Pace Fox Valley Division in North Aurora



Pace Southwest Division in Bridgeview



Pace Facilities

- A. Pace River Division
975 S. State, Elgin
63,000 square feet, 1989
- B. Pace Fox Valley Division
400 Overland Dr., N. Aurora
56,800 square feet, 1994
- C. Pace Heritage Division
9 Osgood St., Joliet
56,800 square feet, 1985
- D. Pace North Division
1400 W. Tenth St., Waukegan
57,800 square feet, 1987
- E. Pace West Division
3500 W. Lake St., Melrose Park
223,000 square feet, 1986
- F. Pace Southwest Division
9889 Industrial Dr., Bridgeview
81,500 square feet, 1994
- G. Pace South Division
2101 W. 163rd Place, Markham
191,000 square feet, 1988
- H. Pace Northwest Division
900 E. Northwest Hwy.,
Des Plaines
83,700 square feet, 1962
- I. WILBUS*
711 Laramie, Wilmette
10,800 square feet, 1985
- J. City of Highland Park*
1150 Half Day Road,
Highland Park
- K. Village of Melrose Park*
1000 N. 25th Ave., Melrose Park
- L. Village of Niles*
7104 Touhy Ave., Niles
- M. Pace North Shore Division
2330 Oakton St., Evanston
57,800 square feet, 1994
- N. Pace Administrative
Headquarters
550 W. Algonquin Rd.,
Arlington Heights
46,500 square feet
- O. Pace South Holland
Acceptance Facility
405 W. Taft Dr., South Holland
44,700 square feet, 1984

* Municipal Garages

Δ Transfer Centers

Northwest Transportation Center
Schaumburg

Chicago Heights Transfer Center
Chicago Heights

Harvey Bus Transportation Center
Harvey
(construction 1995)

Elgin Transportation Center
Elgin

Homewood Bus Turnaround
Homewood

Des Plaines Bus Turnaround
Des Plaines

Prairie Stone Transportation Center
Hoffman Estates

North Riverside Mall Transfer Ctr.
North Riverside

Deerfield Transfer Location
Deerfield

The Centre Bus Facility
Park Forest

Gurnee Mills Transfer Center
Gurnee

Summit Bus Turnaround
Summit

Aurora Transportation Center
Aurora (leased)

South Suburban College
South Holland

Lake-Cook Road Transfer Center
Deerfield
(construction underway)

- **Park and Ride Lots**

Washington Square Mall
Park-N-Ride
Homewood (leased)

Buffalo Grove Park-N-Ride
Buffalo Grove

Burr Ridge Park-N-Ride
Burr Ridge (construction 1995)

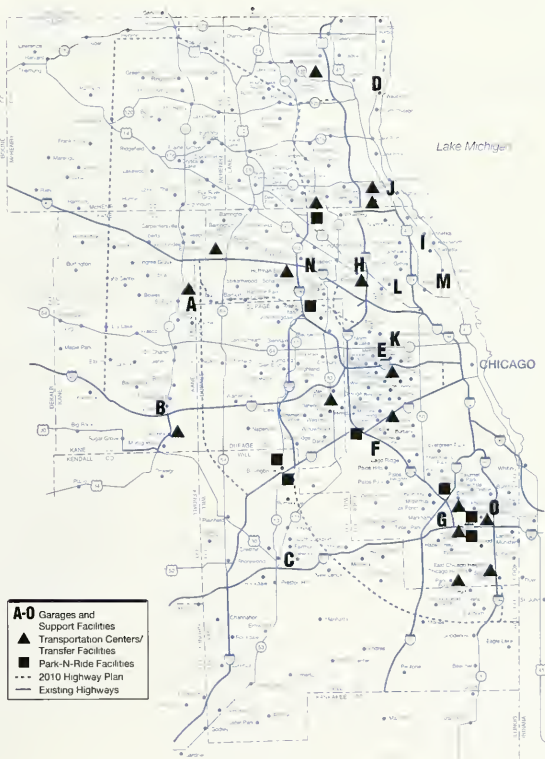
South Holland Park-N-Ride
South Holland

Blue Island Park-N-Ride
Blue Island (construction 1995)

Itasca Park-N-Ride
Itasca (construction 1995)

Bolingbrook (2) Park-N-Ride
Bolingbrook (construction 1995)

Map 4. Pace System Garages and Support Facilities



Pace Rolling Stock—Active Fleet



Table 4. Pace Rolling Stock Fixed Route Active Fleet

Manufacturer	Year	No. of Vehicles	Age	Length	Lift Equipped
Chance	1984	8	10	26'	No
Gillig	1986	20	8	35'	Yes
Orion II	1987	5	7	26'	No
Orion 1	1988	100	6	40'	No
Orion 1	1989	71	5	40'	No
Orion 1	1990	50	4	40'	No
Orion 1	1990	84	4	35'	Yes
Orion 1	1990	43	4	40'	Yes
Ikarus	1992	71	2	40'	Yes
Orion 1	1993	20	1	35'	Yes
Orion 1	1993	86	1	40'	Yes
Total		558			
Average Age			3.92 years		



Table 5. Pace Rolling Stock Paratransit Active Fleet

Manufacturer	Year	No. of Vehicles	Age	Length	Lift Equipped
Ford/Champion Buses	1987	53	7	23'	Yes
Ford/Braun Vans	1987	7	7	17'	Yes
Ford/Goshen Buses	1988	20	6	23'	Yes
Ford/Braun Vans	1989	37	5	17'	Yes
Ford/Champion Buses	1989	70	5	23'	Yes
Ford/Goshen Buses	1990	17	4	23'	Yes
Ford/Goshen Vans	1990	27	4	19'	Yes
Ford/Goshen Buses	1991	24	3	23'	Yes
Ford/Goshen Vans	1991	32	3	19'	Yes
Ford/Braun Vans	1993	17	1	19'	Yes
Ford/Eldorado Buses	1994	12	0	23'	Yes
Total		316			
Average Age			4.44 Years		

Operating Environment

The Pace service area measures 3,446 square miles, nearly the size of the state of Connecticut. The suburban area is divided among the six counties and incorporates 264 municipalities. Transportation needs among this broad area are as unique as the individual communities that comprise it. The suburb-to-suburb commute trip has now become the dominant travel market in the region and is primarily served by the automobile.

Population and Employment

The suburban area has a 1990 population of 4,454,317 and employment of 2,163,660. The suburban area not only exceeds the City of Chicago in terms of absolute population and employment, but it also continues to grow while population and employment in the City have declined since 1970, as shown in Chart A.

Suburban Office Space

In total, 40% of the region's office space is outside of the City of Chicago. Since 1975, over 57 million square feet of office space has been built in the suburbs, the majority of which is poorly accessible to transit

patrons. Large building set-backs and a lack of sidewalks and pedestrian crossings are typical of the suburban environment.

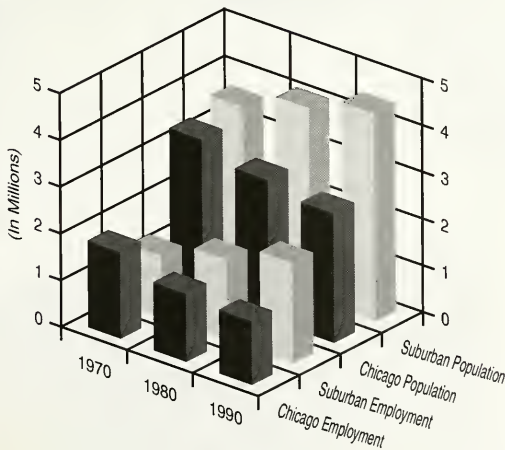
To ensure that future development is transit accessible, Pace works closely with interested municipalities and developers to assist them in incorporating transit planning into their projects. By becoming part of the plan review process, transit amenities can be incorporated into their development plans from the outset.

In 1993, Pace provided technical advice on 26 proposed development plans and 28 IDOT roadway improvement projects. By cooperatively working with IDOT, Pace has been able to incorporate transit needs such as bus turnouts, shelters, turn lanes and signal modifications into road improvements as needed to provide faster, more effective service.

Highway Traffic Congestion

The substantial growth in suburban population, employment, households and office space has clogged the region's highways with traffic congestion. Between 1980 and 1990 traffic volumes have increased 33% while highway miles increased by only 5%. From all indications, the situation is likely to worsen considerably by the year 2010 unless new funding is provided for highway and transit improvements.

Chart A. Service Area Population and Employment



Journey to Work Market

The total journey to work trip market reached 3.3 million (one-way) trips in 1990, up over 9% from 1980. At the same time, however, total ridership for the region's mass transit providers fell by 16.7%, a loss of over 137 million annual trips.

The region's work commute market can be divided into four major segments (Chart C) which facilitate understanding of the effect that population and employment shifts have on travel and transit demand. Transit's strongest markets have traditionally been the city-to-city and suburb-to-city commute markets and, as can be seen on Chart B, these markets have either declined or remained flat from 1980 to 1990. In contrast, transit's weakest markets, suburb-to-suburb and city-to-suburb (or the reverse commute) have grown dramatically from 1980 to 1990.

The impact of these market shifts on transit ridership for the three service boards has also been significant as shown on Chart D. The heaviest losses were experienced by the CTA which experienced substantial declines in population and employment in its City based market. Commuter rail ridership declined by 12.6 million annual trips, though this is largely attributed to the dramatic fare increases levied in the early 1980's, a result of the RTA financial crisis prior to the creation of Metra. Pace ridership actually grew by 2.2 million trips for the 1980 to 1990 period, although the growth did not parallel increases in suburb-to-suburb commuting. This is due to several factors; first, over 40% of Pace service is in the suburb-to-city market which has been flat since 1980; secondly, most of the growth in suburb-to-suburb commuting has taken place in the lower density

outlying suburbs while Pace services to a great extent are concentrated in the older, closer in suburbs and satellite cities of Aurora, Elgin, Joliet and Waukegan. For the

most part, the inner suburban communities and satellite cities well served by Pace have also lost population and employment from 1980 to 1990. Pace's long range plans address this issue.

Chart B. Journey to Work Trip Volume By Major Market—1980 vs.1990

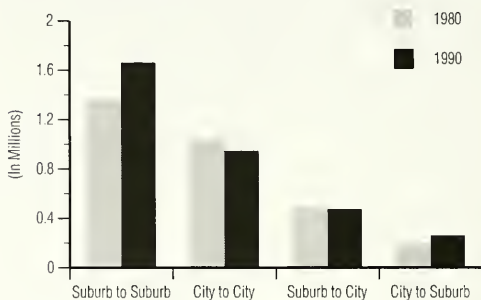
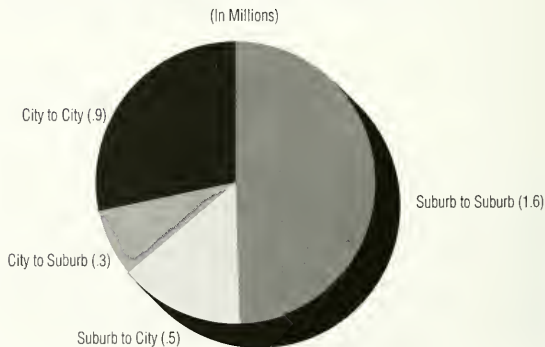
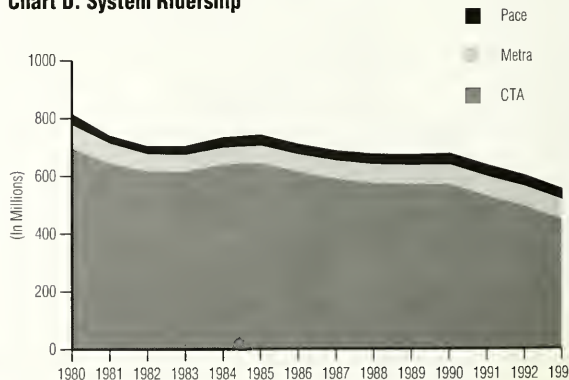


Chart C. Journey to Work Travel Market Segments*



*Based on 1990 Census Transportation Planning Package data.

Chart D. System Ridership



Clean Air Act Amendments/ Employee Commute Options Act

Significant legislation at the Federal and State level has been passed to prevent the further deterioration of air quality. The Northeast portion of Illinois is considered a severe non-attainment area for national air quality standards as established by the Environmental Protection Agency. Given this status, the State of Illinois is required to take corrective actions within a specific time frame in order to attain national air quality standards.

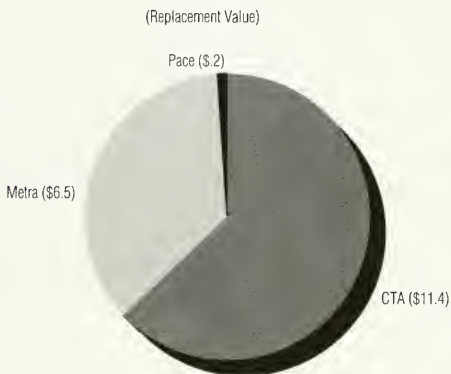
As part of this effort, the State Legislature enacted the Employee Commute Options Act which, among other things, requires suburban employers with more than 100 employees to increase the average passenger occupancy (APO) of autos arriving at the employment site (during peak periods) to 1.36 by July, 1998. In order to achieve this, employees will need to work flexible schedules, car pool or, more importantly for Pace, form vanpools and use Pace fixed-route services. Employers will be required to survey employees to determine current APO, and develop a compliance plan which convincingly demonstrates that it will achieve an APO of 1.36. Pace anticipates that compliance efforts will create significant demand for services. Pace will offer assistance to employers to help them evaluate their present status and to explore

transit solutions within our available resources. As an aid to employers, Pace recently implemented its ECO-System survey support effort. Pace can now offer employers a fast and efficient survey mechanism for a nominal fee. The data collected by the survey allows employers to determine their APO by site.

Regional Transit Capital Assets

While the majority of the region's population and employment are suburban, and the growth continues to exceed the City, the region's heaviest investment in transit capital is designed to serve the City and central business district. Pace capital assets represent only 1% of the region's capital infrastructure, though Pace carries over 6% of the region's transit patrons (reference Chart E).

Chart E. Public Transportation Assets (Billions)



Operating Strategy

Pace operations are guided by a well-designed strategic plan which stems from a general strategy of simultaneously increasing ridership and farebox recovery ratio. This strategy requires that services and capital programs pursued by Pace do at least the following:

- if intended to increase the number of customers served, Pace policies and programs should not lower the Pace farebox recovery ratio; and
 - if intended to increase the farebox recovery ratio, Pace policies and programs should not reduce the number of customers served.
- Simply put, the operating strategy is to serve as many riders as possible without reducing system efficiency.

Pace has taken numerous actions to fulfill this objective including:

- the establishment of consistent criteria to determine when service should be expanded or reduced,
- the implementation of cost containment programs such as self-insurance, centralized purchasing, dial-a-ride cost ceilings and competitive bidding for privately operated services,
- the implementation of new services like the Pace VIP Vanpool Program which has a high recovery rate (over 100%) and provides effective service in low-density markets.

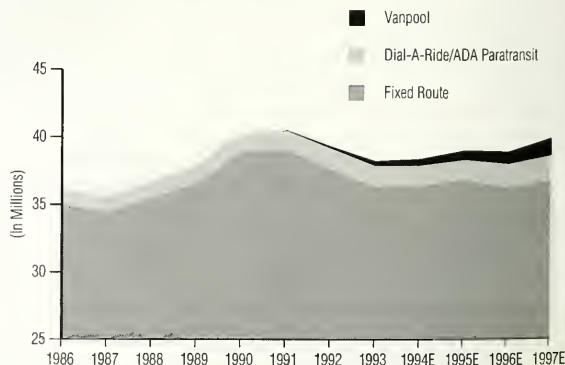
The net effect of these efforts has been positive: the recovery ratio has improved, ridership levels have remained stable, and the growth in cost per mile of service provided has averaged less than the rate of inflation for the economy.

Ridership

Pace ridership for 1994 is projected to end the year 0.5%, or .2 million trips, above the 1993 level of 38.3 million riders. The gain in ridership is attributed to new service connections to the CTA (SWRT) Orange line which opened in the Fall of 1993. Continued growth of the vanpool program also contributed to total ridership growth.

Ridership gains for these two programs are estimated at 258,000 for 1994 and have more than offset losses in public and private carrier ridership which were largely due to fare increases and service reductions made in 1994. For 1995, Pace is projecting to carry 39.1 million passengers, up 1.7% from 1994. This forecast is based on achieving a 1% increase in base system ridership with continued high growth in vanpool and ADA paratransit ridership of 44% and 20% respectively. Historical and projected suburban bus ridership is represented on Chart F.

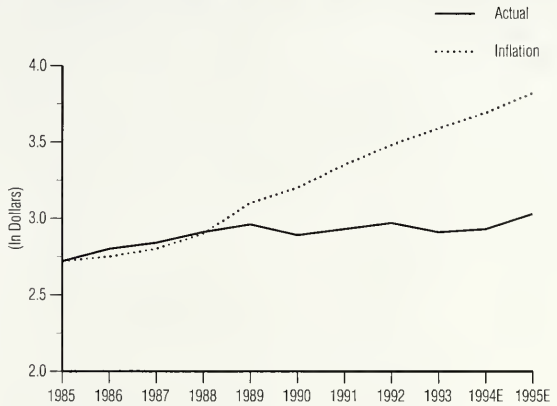
Chart F. Suburban Bus Ridership



Cost per Mile

Pace's cost control efforts are substantiated by performance as measured by cost per mile. For the ten year period from 1985 to 1994, expense per mile has grown by only 7.7% while inflation for the same period totalled 35.7%. If it were not for the cost savings programs and efforts, Pace's expense per mile growth would have been at (or greater than) the rate of inflation for the period. Without cost containment efforts, the 1995 budget may have been closer to \$3.82/mile instead of the projected \$3.03. This savings of \$0.79/mile is significant and amounts to \$27.5 million or over 27% of the 1995 budget. Cost per mile trend is represented on Chart G.

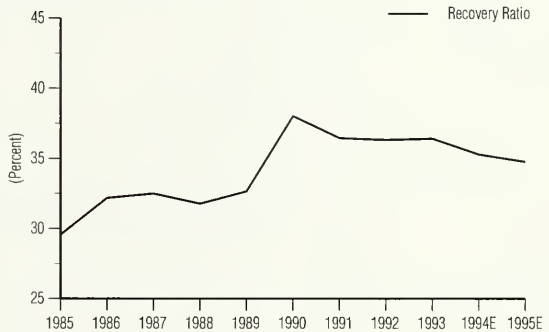
Chart G. Pace Operating Cost per Mile Actual vs. Inflation



Recovery Ratio

The recovery ratio is calculated by dividing total operating revenue by total operating expense. Pace's recovery ratio experienced a dramatic increase in 1990 due to new funds coming in from the State of Illinois' half-fare subsidy program. However, as the state has reduced the amount of funds available under this program, Pace's recovery rate has declined. Also, the expansion of ADA paratransit service as required by law serves to depress the recovery ratio as these services typically recover only 7.5% of their cost from passenger fares.

Chart H. Recovery Ratio



The recovery ratio is expected to decline slightly in 1995. The decline from 35.28% estimated for 1994 to 35.10% budgeted for 1995 is largely due to continued growth of the ADA paratransit service. The recovery ratio is represented on Chart H.

Long Range Planning

In 1992, Pace developed a long range Comprehensive Operating Plan (COP) which established a vision for the suburban transit system to the year 2010. The COP was created to provide a direct link between the region's 2010 Transportation System Development Plan and Pace's five year capital plan and the annual operating and capital budget elements. The Pace COP identifies specific efforts to be pursued in the development of a comprehensive suburban public transportation system. They are briefly summarized as follows.

Fixed Route and Express Bus Service

Responding to growing population, employment in further outlying suburbs and the need to connect residents to major suburban employment centers, the COP identifies the need to double the level of fixed route services offered by the year 2010. Over a dozen corridors are identified to provide high speed linkages to major employment centers.

Dial-a-Ride Service

The COP identifies the need to geographically expand dial-a-ride services throughout the service area. In low density markets, dial-a-ride can provide vital transportation services to areas not efficiently served by fixed routes.

Custom Services

The COP identifies the need to move forward with the VIP vanpool program and subscription bus program. Pace's vanpool program has grown to 143 vans and is well on its way to achieving the 2010 target of 500 vans ahead of schedule. The 9 subscription routes operated for Sears employees by private contractors are adding nearly 200,000 annual riders to Pace. As employers face the challenges of compliance with the state's ECO regulations,

vanpool and subscription bus services are expected to grow. These services which have high recovery rates (100% vanpool, 60% subscription bus) are consistent with Pace's general strategy.

Vehicles

The COP calls for the expansion of the total vehicle fleet from just over 1,000 now to 3,200 by 2010. Additional vehicles will be required for vanpools, express bus routes, fixed route, ADA paratransit and dial-a-ride expansion. The plan calls for the replacement of contractor-owned school buses (used in Metra feeder service) with smaller shuttle type coaches. In addition, Pace will experiment with other vehicle designs to meet market conditions such as more comfortable seating configurations for long distance express bus routes.

Garages

Pace is in the final stages of construction to renovate and replace the eight garages it operates. Included in the current program is the establishment of a ninth Pace division garage (the North Shore garage). In the future, the COP identifies the need to expand present facilities as necessary to accommodate growing service levels. The plan also identified the need for three new garages, one of which, the McHenry County garage, is now included in the 1995 capital program.

Park-n-Rides

The COP identifies the need for 96 park-n-ride facilities by 2010. To maximize access to limited access highway facilities (also planned) and reduce bus circulation through residential communities, a large percentage of park-n-rides are planned near expressways and tollways. These facilities will improve auto-bus connections for customers that prefer or need to drive to get to a transit facility.

Passenger Facilities

The COP calls for the implementation of eight additional transportation centers and 74 new transfer facilities by 2010. Transit centers will be implemented in major development areas to facilitate the interchange of express and local routes. Smaller transfer facilities will be integrated into smaller developments such as shopping centers. Both facilities may be constructed in conjunction with park-n-ride lots if needed.

Restricted Use

In order to increase the speed (which reduces costs and increases ridership) of express service operating on the region's highways and tollways, Pace's COP calls for the implementation of 158 restricted use facilities along the major highways in the region. A restricted use facility would allow buses and other HOV's to bypass high congestion areas such as interchanges. Also, exclusive toll bypass lanes and bus only exit/entrance ramps are proposed at several locations.

Signal Preemption

The on-time performance and operating speed of Pace vehicles can be significantly enhanced through the use of signal preemption systems. These systems can determine whether or not a bus is on schedule and adjust on-coming traffic signals to speed its movement through an area. These systems can significantly reduce operating costs and improve performance in congested areas. The COP identifies 75 corridors which would benefit from signal preemption. The 1995 capital program contains funds for the first phase of this system's development.



Pace's long range plan calls for the construction of over 80 transfer and transportation centers like these in Hoffman Estates (top) and Chicago Heights (bottom)

1995 Operating Budget

Issues/ Resolutions

The three major issues that faced Pace in the proposed budget have been resolved in the final budget for 1995.

First, the budget had to deal with a public funding shortfall. Recent estimates from the State of Illinois Bureau of the Budget indicate that RTA sales tax receipts will fall \$6.9 million short of the current plan for 1995. Correspondingly, the state Public Transportation Fund (PTF) subsidy will also fall short of plan by \$1.7 million. The RTA has calculated Pace's share of the public funding shortfall to be \$636,000 in 1995. Pace has closed this gap by cutting overtime, achieving savings through the consolidation of WILBUS into the new North Shore Division garage and by redirecting some expenses to the capital program budget where funds are available.

Second, the final budget addresses the additional \$600,000 reduction in Pace public funding made by the RTA. The RTA reduced Pace's funding on the basis that Pace will gain revenue from a CTA planned fare restructuring. While Pace does not agree with RTA's handling of this matter, we believe it is not in the best interests of the region to pursue the matter further at this time. The final budget adds \$600,000 in fare income assumed to be generated by the CTA restruc-

turing plan. The cornerstone of the restructuring plan is the elimination of monthly passes which CTA believes will result in increased revenue. The joint CTA/Pace monthly passes are not utilized on Pace as often as the CTA and, therefore, it is uncertain as to whether or not Pace will experience similar revenue gains. Should these increased revenues not occur or if the CTA takes other fare actions which negatively impact Pace revenues, Pace will seek additional funding from the RTA based on the precedent established by the RTA's action.

Lastly, Pace applied for and received a special grant from the RTA in 1994 to implement several ADA paratransit and Dial-a-Ride program initiatives. In order for these efforts to continue in 1995, it will require that the RTA reauthorize the grant for another year. The RTA board has authorized the execution of a grant agreement with Pace for 1995. (Costs are included in Appendix B.) The final Pace budget does not include this program in 1995 pending the execution of a grant contract with RTA. The budget will be amended at a later date once the RTA executes the grant.

Summary

The RTA Board of Directors on September 21, 1994, established Pace's 1995 funding level at \$65,321,000 for operations and a farebox recovery ratio of 35.1%. The funding mark represents a \$1.236 million reduction from expected funding for 1995. Approximately half of the reduction is due to a shortfall in public funding, (\$636,000) and has been addressed by expense reductions which will not impact services. The remainder of the shortfall is attributed to the RTA's assumption that Pace will increase fares in 1995.

The CTA has finalized plans to eliminate monthly and weekly passes as well as some off-peak fare discounts effective January, 1995. As the Pace monthly pass and weekly passes currently sold are good on both systems, these too will be eliminated. Pace has budgeted for an additional \$600,000 in

operating revenue based on the elimination of these passes.

The 1995 budget assumes operating expenses will increase by 4.7% over 1994 estimates. Most of the increase is attributed to increased labor and fringe benefit costs and the expansion of ADA paratransit service in 1995.

System generated revenues are budgeted to increase by 4.9% from 1994 to 1995 due to continued ridership growth of 1.7%, the expansion of the vanpool program and the elimination of the monthly and weekly passes. The funding requirement increases by 4.5% to \$65.8 million. This funding need is addressed by \$65.3 million in RTA funding, a \$.3 million CMAQ Grant for the SWRT project and \$.2 million in Pace funds to continue the Cook-DuPage special services initiative.

Table 6. 1995 Operating Budget Summary (000's)

	1993 Actual	1994 Estimate	1995 Budget
Total Operating Expense	\$ 92,381	\$ 97,300	\$ 101,843
Less: System-Generated Revenue	33,634	34,325	36,004
Funding Requirement	\$ 58,747	\$ 62,975	65,839
Less: RTA Funding for Operations	\$(58,718)	\$(62,248)	\$(65,321)
Congestion Mitigation (CMAQ)	(63)	(381)	(341)
Pace Funds	0	(346)	(177)
Surplus/(Deficit)	\$ 34	\$ 0	\$ 0
System Recovery Ratio	36.4%	35.3%	35.1%

Source of Funds

Pace relies on two major sources of operating funds: farebox revenues and public funding provided by the RTA. Public funding is made up of three major components: sales tax, federal operating assistance and the state subsidy provided via the public transportation fund (PTF).

Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1% sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the following distribution of sales tax receipts to the service boards and RTA (Table 7).

Pace expects to receive \$53,958,000 in sales tax revenues in 1995. This represents approximately 10% of the total RTA region's estimated receipt of \$509 million which, based on Illinois Bureau of the Budget estimates, represents a 4.4% increase over estimated 1994 levels.

Sales Tax Trends
Sales tax receipts have rebounded from the 1991 recession and have shown strong growth (in excess of inflation) through 1993. The RTA contracts with the WEFA group, an economic consulting firm, for the preparation of sales tax forecasts. The WEFA long range forecasts are then adjusted to incorporate the State Bureau of the Budget forecast for the coming year. Table 8 summarizes historical and forecast sales tax growth through 1997.

Public Transportation Fund (PTF)

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the State treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25% of the net revenue realized from the sales tax. The RTA allocates PTF revenues to the service boards on the basis of need for both capital and operating purposes. For 1995, the RTA will allocate an estimated \$8,067,000 in PTF funds to Pace for operating purposes.

PTF Trend
PTF funding for the region is directly correlated to sales tax receipts and has grown similarly. However, unlike the sales tax allocation which is established by the RTA Act, PTF is allocated at the discretion of the RTA. In general, RTA has reduced PTF allocations to Pace over time as sales tax growth has covered a larger portion of the operating requirement.

Table 7. Allocation of Sales Tax Receipts

	RTA	CTA	Metra	Pace
Chicago	15%	85%	—	—
Suburban Cook	15%	(30%)	55%	15% of remaining 85%)
Collar Counties	15%	(—	70%	30% of remaining 85%)

Table 8. Regional Sales Tax Trend (000's)

	Amount	% of Change
1987	\$ 386,439	4.8%
1988	\$ 418,752	8.3%
1989	\$ 429,988	2.6%
1990	\$ 444,110	3.2%
1991	\$ 425,173	(4.2%)
1992	\$ 445,891	4.8%
1993	\$ 462,393	3.7%
1994	\$ 487,638	5.4%
1995	\$ 508,928	4.4%
1996	\$ 538,495	5.8%
1997	\$ 569,091	5.7%

Federal Operating Assistance (FTA Section 9 Funds)

Section 4.02(a) of the Amended RTA Act grants the RTA the authority to apply for, receive and expend grants, loans and other funds from the State, Federal and/or local governments. Further, 4.02(c) (2) states that the RTA shall adopt a formula to apportion such funds.

The formula is to take into consideration such items as ridership levels, service efficiency, transit dependence and the cost of service, among other factors. The formula used to apportion Federal operating assistance in the RTA's 1994 budget was based on ridership, similar to the allocation in prior years. The 1995 allocation of \$3,173,000 is based on suburban bus ridership as a percent of total ridership in the region. Pace suburban bus ridership accounts for 6.9% of the total ridership in the region.

FTA Operating Trend

These funds have been stable at \$49 million to the region for the past several years. RTA expects them to decline to \$46 million and remain there for 1995-1997. Pace's share at 6.9% has grown slightly to reflect gains in Pace's ridership and losses at the CTA.

Other Federal Grants

Pace will receive grant funding for two special programs in 1995. A grant awarded to Pace for the People Mobilizer program will provide \$123,000 in the south suburbs in 1995. Federal funds have also been appropriated to Pace through the Congestion Mitigation Air Quality Program (CMAQ). These funds are estimated at \$341,000 and are to be used to continue new services to the CTA's Southwest Rapid Transit Line which opened in October, 1993.

Other Federal Grant's Trend

The CMAQ Grant provided two years of funding for this service. The grant is exhausted in October, 1995. After that point, the cost of the service will be absorbed into the base budget.

Operating Revenues

Pace expects to receive \$36,004,000 in operating revenues in 1995, an increase of 4.9% over estimated 1994 levels. The increase is due to a projected 1.7% increase in ridership, continued growth of the vanpool program, and the restructuring of connecting fares in conjunction with the CTA's plans for 1995. Future trends for farebox revenues are discussed in the three year financial plan section.



Operating revenues will reach \$36.0 million in 1995

Use of Funds

All funds received by Pace are used to provide, expand and support suburban bus services. The components of the 1995 Operating Program are fixed route carriers (Pace-owned, public contract and private contract carriers), dial-a-ride services, ADA paratransit services, Cook DuPage special services, vanpool, Southwest Rapid Transit services, administration, and centralized support expenses which include insurance and fuel.

Pace-Owned Services

Pace is responsible for the direct operation of eight carriers in the six-county region. Together, these divisions—North, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry more than 80% of the total suburban bus ridership. A ninth facility, Pace North Shore, will come on-line by the end of 1994 and will assume operation of service formerly provided by WILBUS. Pace expects to provide \$50,089,000 for expenses to these carriers in 1995. Further information on the Pace-owned services budget can be found on page 26.

Pace service connection to Metra in Matteson



Public Contracted Services

Pace contracts directly with three municipalities (Niles, Melrose Park and Highland Park) for additional fixed route services. These services are expected to cost an estimated \$1,629,000 in 1995. Further information on the public contracted services budget can be found on page 27.

Private Contract Services

Pace provides service to more than 96 communities by directly contracting with 13 private transit companies. Pace expects to fund a total cost of \$9,856,000 for these services in 1995. Further information on the private contract services can be found on page 28.

Dial-A-Ride Services

Pace subsidizes 54 dial-a-ride service projects throughout the six county region. Generally, these services are operated by townships or local municipalities under contract with Pace. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. In 1995, Pace plans to expend \$7,732,000 for these services. Further information on the Dial-a-Ride services budget can be found on page 29.

ADA Paratransit Services

In compliance with Pace's ADA plan to serve persons with disabilities, the program continues to grow. Pace's cost for these services is expected to reach \$5,760,000 in 1995. Further information on the ADA paratransit services budget can be found on page 30.

Cook-DuPage Special Services

Pace plans to continue providing ADA paratransit service in Cook and DuPage counties outside the 3/4 mile area. Pace's expense for this service in 1995 is \$211,000. Further information on the Cook-DuPage special services budget can be found on page 31.

Vanpool

The 1995 budget for vanpool services contains \$1,098,000. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The formation of vanpools has been very popular and the demand continues to grow. Pace expects further expansion of this program to 215 vans by the end of 1995 as suburban employers move toward compliance with employer clean air (ECO) mandates. Pace's vanpool program continues to maintain a very high recovery rate at 100%. Further information on the vanpool services budget can be found on page 32.

Southwest Rapid Transit

Pace provides bus service connections to CTA's Southwest Rapid Transit which became operational in late 1993. The cost to provide this service in 1995 is expected to reach \$492,000. Pace has received funding for this service through the federal government's Congestion Mitigation/Air Quality (CMAQ) program. Federal funding for this project is scheduled to expire the last quarter of 1995. Further information on the Southwest Rapid Transit budget can be found on page 33.

Centralized Support, Insurance and Fuel

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace plans to spend \$15,125,000 to provide fuel, insurance and other support items in 1995. Further detail on the centralized support program budget is contained on page 34.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning and financial control, Pace's 1995 administrative budget is set at \$9,851,000. Further information on the Administration budget can be found on page 35.



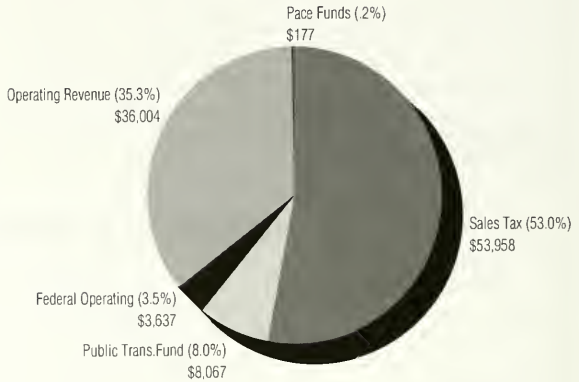
Reliable is one of 13 private contractors providing Pace service

Chart I. Sources and Uses of Funds

Sources (000's)

Total \$101,843

Next to sales taxes, passenger revenues are Pace's largest income source



Uses (000's)

Total \$101,843

Direct spending at the nine Pace divisions comprise nearly half of the operating budget

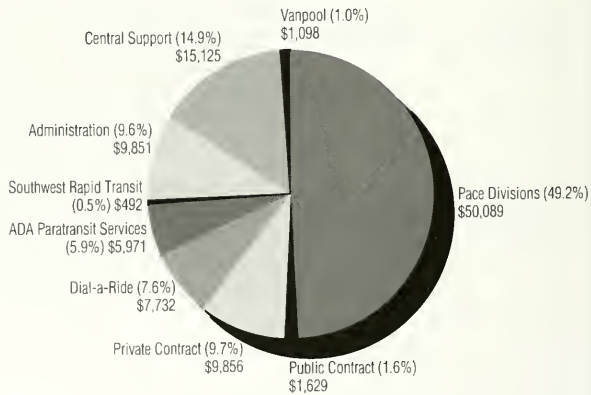


Table 9. 1995 Budget Summary (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenues			
Pace-Owned Services	\$ 21,403	\$ 22,037	\$ 22,419
Public Contracted Services	551	601	602
Private Contracted Services	3,743	3,312	3,349
Dial-A-Ride Services	3,860	3,939	4,105
ADA Paratransit Services	353	361	435
Cook DuPage Special Services	0	53	34
Vanpool Program	537	761	1,098
Southwest Rapid Transit	16	95	96
Half-fare Reimbursement	2,015	1,834	1,834
Investment/Other Revenue	1,156	1,333	1,432
Fare Restructuring	0	0	600
Total Revenue	\$ 33,634	\$ 34,325	\$ 36,004
Expenses			
Pace-Owned Services	\$ 44,789	\$ 48,412	\$ 50,089
Public Contracted Services	1,459	1,553	1,629
Private Contracted Services	9,912	9,715	9,856
Dial-A-Ride Services	7,352	7,439	7,732
ADA Paratransit Services	4,498	4,772	5,760
Cook DuPage Special Services	0	271	211
Vanpool Program	454	761	1,098
Southwest Rapid Transit	79	476	492
Centralized Operations	8,246	7,681	8,035
Insurance	4,004	4,180	4,405
Fuel	2,764	2,643	2,685
Administration	8,824	9,397	9,851
Total Expenses	\$ 92,381	\$ 97,300	\$ 101,843
Funding Requirement	\$ 58,747	\$ 62,975	\$ 65,839
Recovery Rate	36.41%	35.28%	35.10%
Public Funding			
Sales Tax	\$ 47,773	\$ 50,816	\$ 53,958
Public Transportation Fund	7,918	8,087	8,067
Federal Operating Assistance	2,925	3,226	3,173
Other RTA Funds	0	0	0
People Mobilizer	102	119	123
CMAQ Funds for SWRT	63	381	341
Pace Funds	0	346	177
Total Funding	\$ 58,781	\$ 62,975	\$ 65,839
Surplus (Deficit)	\$ 34	\$ 0	\$ 0
Fund Balance			
Beginning Balance	\$ 6,354	\$ 5,275	\$ 2,828
Surplus/(Deficit)	34	0	0
Less: Obligations/Other	1,113	2,446	427
Ending Balance	\$ 5,275	\$ 2,828	\$ 2,401

1995 Pace- Owned Carrier Budget

Pace is directly responsible for the operation of eight divisions in the six county region. They are—Pace North, Pace Northwest, Pace South, Pace Southwest, Pace West, Pace Fox Valley, Pace Heritage, and Pace River. Together, these eight divisions are estimated to provide over 80% of the total suburban bus ridership in 1995. A ninth division, Pace North Shore, is scheduled to come on-line before the end of 1994. Service formerly provided by the Village of Wilmette will be provided from this facility.

In 1995, Pace will expend \$27.1 million to fund service at these nine locations. This represents a 2.6% increase over estimated 1994 levels.

Revenue is projected to increase 4.4% over 1994 levels due to projected growth in ridership of nearly 1% to 32.6 million in 1995 and the

additional \$.6 million resulting from the CTA fare restructuring.

Total expenses are estimated to grow 3.5% over estimated 1994 levels, or slightly over the rate of inflation for 1995.

Maintenance costs are exhibiting the largest rate of growth of all expense categories in 1995. This growth can be attributed to the fact that the fleet is beginning to increase in age. While the average age is young at 3.9 years, 30% or 171 vehicles are 6 years or at half their useful life.

The growth in non-vehicle maintenance exceeds the inflationary rate of 3.3% as the impact of maintaining a larger facility will be realized in 1995. As an aid in evaluating the 1995 proposed budget, 1993 and 1994 results shown have been restated to include results for Wilmette.

*Pace North
Division
serves the
Waukegan
area*



1995 Goals

1995 goals include reaching 32,569,000 passengers and achieving a recovery ratio of no less than +5.96%.

Further detail on the Pace Owned Carrier budget is provided in Appendix A.

Table 10. Budget Summary—Pace-Owned Carriers (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ 21,403	\$ 22,036	\$ 23,019
Expenses			
Operations	31,136	33,242	34,109
Maintenance	9,525	10,534	11,183
Non-Vehicle Maintenance	1,041	1,279	1,341
General Administration	3,087	3,357	3,456
Total Expense	\$ 44,789	\$ 48,412	\$ 50,089
Funding Requirements	\$ 23,386	\$ 26,376	\$ 27,070
Recovery Rate	47.79%	45.52%	45.96%
Ridership	31,122	32,247	32,569

1995 Public Contracted Service Budget

Pace contracts with the local municipalities of Highland Park, Melrose Park, Niles and until recently, Wilmette, for fixed route bus service. In 1995, plans have been made to assume operation of the Wilmette service into the new North Shore facility.

The public contract carrier funding requirement in 1995 will increase \$75,670 or 8% over 1994 year-end estimates. The deficit growth is based on the assumption that expenses are expected to increase 5% over 1994 levels, while ridership and revenue remain essentially constant.

The growth in total expenses above the rate of inflation of 3.3% is primarily due to increased maintenance costs at one of the carriers and increased health care costs in excess of the inflation rate. Also,

additional man-hours were budgeted for in 1995 to accommodate the increase in the Ravinia bus service provided by Highland Park. As an aid to evaluating the 1995 budget, 1993-1994 estimates have been restated to exclude Wilmette which is now included in the Pace-owned carrier budget.

1995 Goals

1995 goals include reaching 899,000 passengers and achieving a recovery ratio of no less than 36.92%.

Detailed information for the Public Contract Service budget is provided in Appendix A.

Niles local service is contracted for by Pace



Table 11. Budget Summary—Public Contracted Services (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ 551	\$ 601	\$ 602
Expenses			
Operations	\$ 981	\$ 1,025	\$ 1,059
Maintenance	333	321	353
Non-Vehicle Maintenance	4	0	0
General Administration	141	207	217
Total Expense	\$ 1,459	\$ 1,553	\$ 1,629
Funding Requirement	\$ 908	\$ 952	\$ 1,028
Recovery Rate	37.76%	38.67%	36.92%
Ridership	896	891	899

1995 Private Contract Carrier Budget

In 1995, Pace will contract directly with 13 private transit providers for fixed route service in 96 different communities.

The total net cost for providing this service will be \$6,507,000 or 1.6% above the 1994 estimate of 6,403,000. There is an additional \$169,000 in expenses that will be funded through Pace's capital program.

As part of the effort to address the funding shortfall for 1995, Pace will undertake an effort to identify private contractor capital costs, such as vehicle depreciation and facility costs which are eligible for reimbursement under the capital program.

Both farebox revenue and ridership are expected to increase 1% in 1995 over 1994.

Private contractors doing business with Pace include:

- Car Enterprises
- Colonial Coach Lines
- DAR Systems
- Hammond Yellow Coach Lines
- Illinois School Bus
- Keeshin Charter Service
- Mayflower Contract Services
- Neal's Bus Service
- Olson Transportation
- Pauline Transportation
- Reliable Bus Company
- Ryder Student Transportation
- Vancom

The budget for private contracted services is summarized in the table below.

1995 Goals

1995 goals for the Private Contracted Services include carrying 3,212,000 riders at a minimum recovery rate of 33.98%.

Table 12. Budget Summary—Private Contract Carriers (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ 3,743	\$ 3,312	\$ 3,349
Operating Expenses	9,912	9,715	9,856
Funding Requirement	\$ 6,169	\$ 6,403	\$ 6,507
Recovery Rate	37.77%	34.09%	33.98%
Ridership	3,323	3,180	3,212



Pace contracts with school bus operators for service to Metra stations

1995 Dial-A-Ride Services Budget

Dial-a-ride service is available in a large portion of the Pace service area (reference Map 2, page 5). Nearly all service is provided with Pace-owned paratransit vehicles.

Pace contracts directly with private providers for the operation of 16 Dial-a-Ride projects. The communities served continue to provide financial support for these projects through "local share agreements" with Pace. Pace now receives funding to help cover a portion of Dial-a-Ride service costs through 33 local share agreements.

Pace has maintained grant agreements with villages and townships for the operation of 36 other Dial-a-Ride projects. In most cases, the local community operates the service. In 1994, as a means to address a major budget shortfall, Pace proposed lowering the Dial-a-Ride subsidy formula from the 1993 level of \$2.50 per trip or 75% of deficit, whichever is less (\$2.50/75%) to \$2.00/70%. Lowering the Dial-a-Ride subsidy formula serves to increase local share revenue, the local subsidy for the service which is considered operating revenue. Subsequent to Pace's action on the 1994 budget, the RTA agreed to

provide additional funding so that the Dial-a-Ride formula could be maintained at \$2.50/75% for the second through the fourth quarters of 1994. Pace agreed to fund at the \$2.50/75% level for the first quarter of 1994. The RTA issued a special paratransit grant to Pace for this and other elements. The grant expires at the end of 1994.

The Pace budget shown for 1995 does not presume the continuation of the grant and reflects a \$2.00/70% subsidy formula. Pace is requesting the RTA to continue the grant for 1995 so that the \$2.50/75% formula subsidy can be maintained similar to 1994. Further detail on the paratransit grant and Dial-a-Ride subsidy under each scenario are shown in Appendix B.

1995 Goals

1995 goals for the Dial-a-Ride program include carrying 1,246,000 passengers at a recovery rate of no less than 53.09%.

Dial-a-Ride service costs are summarized on the following table:

Table 13. Budget Summary—Dial-A-Ride Services (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue			
Fares	\$ 1,011	\$ 1,097	\$ 1,143
Local Share	2,849	2,842	2,962
Total Revenue	\$ 3,860	\$ 3,939	4,105
Expenses			
Operations	6,175	6,274	6,521
Maintenance	572	528	549
Administration	605	637	662
Total Expenses	\$ 7,352	\$ 7,439	7,732
Funding Requirement	3,492	3,500	3,627
Recovery Ratio	52.5%	52.95%	53.09%
Ridership	1,322	1,234	1,246

1995 ADA Paratransit Services Budget

In compliance with the Americans with Disabilities Act, Pace submitted a plan for the provision of complementary paratransit service to the Federal Transit Administration (FTA) in January, 1992. The plan is updated annually in accordance with FTA requirements each January.

The current plan calls for the expansion of ADA service levels in 1995, increasing the cost to \$5,760,000. This represents a 21% increase in service levels and moves Pace somewhat closer to compliance. Full compliance is targeted for late 1996 and is expected to increase costs significantly in 1996.

The ADA service area is depicted on Map 3 (page 6). In addition to the amount shown under the ADA service program budget,

the RTA has provided Pace with a special paratransit grant in 1994. The grant allowed Pace to accelerate the geographic expansion of ADA paratransit service into Will and Kane counties in 1994, both earlier and to a greater extent than planned. Pace is requesting the reauthorization of the grant for 1995 as described in Appendix B.

The RTA is currently administering an ADA certification program in order to establish eligibility for these services. Individuals must be certified in order to access ADA paratransit services. It is expected that only a small portion of those individuals who are eligible for service are currently registered. As more of the eligible population is certified, demand for ADA paratransit service is expected to rise dramatically. For 1995, the budget will represent the upward limit on service levels under this program. As Pace can control the amount of service its private contractors are authorized to provide, it can limit these costs to available budget.

1995 Goals

1995 goals for the ADA paratransit program include expanding the service to carry 307,000 passengers and maintaining the recovery rate at 7.5%.

Pace will provide over 300,000 ADA paratransit trips in 1995



Table 14. Budget Summary—ADA Paratransit Services (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ 353	\$ 361	\$ 435
Expenses	4,498	4,772	5,760
Funding Requirement	\$ 4,145	\$ 4,411	5,325
Recovery Ratio	7.84%	7.57%	7.55%
Ridership	254	255	307

1995 Cook-DuPage Special Services Budget

Pace had implemented paratransit service on a countywide basis in Cook and DuPage counties in 1990 as part of our plan to comply with the accessibility (section 504) regulations that preceded the ADA. Subsequently, the FTA issued rules for transit systems' compliance with the ADA which required the provision of ADA paratransit service in corridors which extend a minimum of 3/4 of a mile on either side of a fixed route. This interpretation significantly reduced the ADA paratransit service area in Cook and DuPage Counties (reference Map 3, page 6.)

The RTA has taken the position that it will not provide funding to Pace for service provided beyond the minimum 3/4 mile corridor requirements. Therefore, Pace has supported the cost of these services from its unrestricted fund balance for 1994 and is proposing to do the same for 1995. In order to recover a reasonable portion of the extremely high cost (in excess of

\$20.00 per trip)), the Pace Board increased the fare for this service from \$1.50 to \$5.00. While this action has decreased demand, it has made the continuation of the service possible while a long-term solution can be developed.

In DuPage County, Pace has restructured some of the local Dial-a-Ride services to cover the trips beyond the minimum ADA service area. The RTA provided a special grant for the service in 1994 and Pace hopes to renew the grant for 1995 as well as expand it into Cook County. The restructured Dial-a-Ride services may offer a long-term solution to meeting these trip requirements.

1995 Goals

1995 goals for the Cook-DuPage Special Services program are to maintain the service program through year end providing over 7,000 trips at a recovery rate of no less than 16.21%.

Table 15. Budget Summary--Cook-DuPage Special Services (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ -	\$ 53	\$ 34
Expenses		271	211
Funding Requirement	\$ -	\$ 218	\$ 177
Recovery Ratio		19.51%	16.21%
Ridership		13	7

1995 Vanpool Program Budget

*Pace VIP
vans serving
the Sears site
in Hoffman
Estates*



The vanpool program is an attempt to serve the commuting needs of small groups of individuals in a changing market. The (VIP) Vanpool Incentive Program provides passenger vans to small groups, 5 to 15 people, allowing them to commute to and from work together. The program continues to be well received, with 143 vans currently in use. Pace plans to increase this number to 215 by the end of 1995.

The vanpool program has been recently expanded to include the ADvAntage element. ADvAntage is intended to provide a transit alternative to individuals with disabilities that commute on a regular basis to work sites or rehabilitative workshops. It is an alternative to those unable to use the regular ADA service or those living outside the 3/4 mile service area. There are about 20 ADvAntage vans currently in use.

The budget for the vanpool program is summarized on the following table. A chart showing the fare structure is also presented. Fares are dependent upon trip length and number of riders.

1995 Goals

1995 goals include carrying 703,000 passengers at a 100% recovery rate and increasing the in service fleet size to 215 by the end of 1995.

Table 16. Vanpool Budget (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ 537	\$ 761	\$ 1,098
Expense	454	761	1,098
Funding Requirement	\$ (83)	0	0
Recovery Ratio	118.3%	100%	100%
Ridership	354	488	703
Vans in Service (year end)	120	165	215

Chart J. Vanpool Fare Schedule

Daily Round Trip Van Miles	4 Pass*	5 Pass*	6 Pass*	7 Pass*	8 Pass*	9 Pass*	10 Pass*	11 Pass*	12 Pass*	13 Pass*	14 Pass*
1-20 Miles	\$ 79	\$ 72	\$ 66	\$ 62	\$ 55	\$ 48	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
21-30 Miles	\$ 83	\$ 76	\$ 70	\$ 67	\$ 59	\$ 52	\$ 47	\$ 45	\$ 45	\$ 45	\$ 45
31-40 Miles	\$ 87	\$ 80	\$ 74	\$ 72	\$ 63	\$ 56	\$ 50	\$ 46	\$ 45	\$ 45	\$ 45
41-50 Miles	\$ 91	\$ 84	\$ 78	\$ 76	\$ 66	\$ 59	\$ 53	\$ 48	\$ 45	\$ 45	\$ 45
51-60 Miles	\$ 95	\$ 88	\$ 82	\$ 80	\$ 70	\$ 62	\$ 56	\$ 51	\$ 47	\$ 45	\$ 45
61-70 Miles	\$ 99	\$ 92	\$ 86	\$ 83	\$ 73	\$ 65	\$ 58	\$ 53	\$ 49	\$ 45	\$ 45
71-80 Miles	\$103	\$ 96	\$ 90	\$ 87	\$ 76	\$ 67	\$ 61	\$ 55	\$ 51	\$ 47	\$ 45
81-90 Miles	\$106	\$ 99	\$ 93	\$ 90	\$ 79	\$ 70	\$ 63	\$ 57	\$ 52	\$ 48	\$ 45
91-100 Miles	\$109	\$102	\$ 96	\$ 93	\$ 81	\$ 72	\$ 65	\$ 59	\$ 54	\$ 50	\$ 46
101-110 Miles	\$112	\$105	\$ 99	\$ 95	\$ 83	\$ 74	\$ 67	\$ 61	\$ 56	\$ 51	\$ 48
111-120 Miles	\$115	\$108	\$102	\$ 97	\$ 85	\$ 76	\$ 68	\$ 62	\$ 57	\$ 52	\$ 49
121-130 Miles	\$118	\$111	\$105	\$ 99	\$ 87	\$ 78	\$ 69	\$ 63	\$ 58	\$ 53	\$ 50
131-140 Miles	\$121	\$114	\$108	\$102	\$ 90	\$ 81	\$ 72	\$ 66	\$ 61	\$ 56	\$ 53

* The van driver is excluded from this passenger/van count.

Southwest Rapid Transit Budget

When the CTA opened the Orange Line (Southwest Rapid Transit) on October 31, 1993, Pace expanded service on Routes 379, 382, 383, 384, 385, 386 and 831 to serve the new line at the Midway Airport Station. Since the expanded service was implemented, combined ridership on the seven routes has increased an average of 33% weekdays, 49% Saturdays and 48% Sundays. The ridership increases, as a result of the Midway expansion, have had a significant impact on overall Pace ridership.

Pace was successful in obtaining a Federal Congestion/Air Quality Grant (CMAQ) to fund the expanded service during the first two

years of operation. The CMAQ Grant funding will be exhausted in late 1995, after the expiration, service will continue and is provided for in the Pace owned carrier budget.

1995 Goals

1995 goals include carrying 149,000 passengers at a minimum 20% recovery ratio.

Pace buses shown serving the Midway Terminal of the CTA Orange Line



Table 17. Southwest Rapid Transit Budget (000's)

	1993 Actual	1994 Estimate	1995 Budget
Revenue	\$ 16	\$ 95	\$ 96
Expense	79	476	492
Funding Requirement	\$ 63	\$ 381	\$ 396
Recovery Ratio	20.3%	20.0%	20.0%
Ridership	25	148	149

1995 Centralized Support Budget

The 1995 centralized support budget of \$15.1 million represents an increase of 4.3% over 1994 and provides for a total support staff of 84 positions in the bus operations and materials management areas. The budget includes expenses relating to the procurement of commonly used goods and services by all Pace carriers. The procurement, management, and control of these goods and services are now the direct responsibility of the materials management department. Centralization of the procurement function allows for greater cost efficiencies and improved inventory management.

In 1994, centralized support expense is estimated to end the year \$510,000 under 1993 levels. The reduction in maintenance expense from 1993 to 1994 is due to a write off of obsolete parts inventory in 1993 and lower fuel costs.

The operations component reflects only labor expense for a staff of 42. Labor is projected to grow 4.6% as a result of rising health insurance costs and a higher pension contribution in 1995. The same holds true for maintenance labor which also supports a staff of 42.

Total maintenance expense is projected to increase 2.9% over 1994 estimated levels. With the exception of labor, all other maintenance expenditures, including fuel, vehicle repairs, and parts/supplies,

have been budgeted to come in at or below the rate of inflation set for 1995. Fuel is budgeted to grow 1.6% based on current market trends. This represents a slight increase in the price per gallon and no increase in volume.

Non-vehicle maintenance expenses (building and bus shelter repairs) are budgeted to increase 3% over 1994 year-end estimates.

The administration portion of the centralized support budget is comprised of marketing, revenue collection, liability insurance and random drug/alcohol testing for dial-a-ride providers in keeping with new federal requirements.

Liability insurance is projected to exceed prior year levels by 5.4% based on actuarial estimates which indicate claims costs will continue to grow above the rate of inflation in 1995.

1995 Goals

1995 budgetary goals for centralized support include limiting expense growth to 4.2% over 1994 estimates and limiting the staffing levels to 84 positions.

Further detail of the following table is provided in Appendix A.

Table 18. Centralized Support Budget (000's)

	1993 Actual	1994 Estimate	1995 Budget
Operations	\$ 1,706	\$ 1,848	\$ 1,932
Maintenance (includes fuel)	6,569	6,100	6,277
Non-Vehicle Maintenance	116	165	170
Administration (includes insurance)	6,623	6,391	6,746
Total	\$ 15,014	\$ 14,504	\$ 15,125

1995 Administrative Budget

The 1995 administrative budget provides for 148 positions at an estimated total cost of \$9.85 million. Pace administration is responsible for managing all of the agency's administrative responsibilities, including accounting, financial and capital assistance programs, marketing, legal services and risk management.

The following table summarizes the two major categories of the administrative budget: Non-Vehicle Maintenance which represents building maintenance expenses, and the Administration category. Administration includes labor, parts/supplies, and other expenses.

In 1994, administrative expense is estimated to end the year \$573,000, or 6.5% over 1993 levels. The growth is due primarily to labor adjustments which include the provisions for two additional employees in 1994 and the resumption of pension contributions in 1994.

Pace's 1995 administrative budget represents a 4.8% increase over the 1994 estimate. Labor is projected to grow 4.7% due to increases in wages, rising health insurance costs and a higher pension contribution rate in 1995. Parts and supply expenditures are expected to increase 4.2%, commensurate with the increase in usage, while utilities reflect a 1% growth in 1995. The "Other" category consists of the remaining expenses which can be further separated into Support and Service expenditures. These expenses are projected to increase 5.6% over the 1994 estimate. The growth exceeds the inflation rate of 3.3% due largely to added costs associated with the implementation of ECO and other market research programs.

1995 Goals

1995 budgetary goals for administration include limiting expense growth to 4.8% over 1994 and maintaining the same staffing level (148 positions) as 1994.

Further detail on the administrative budget is provided in Appendix A.

*Pace
Headquarters'
Facility in
Arlington
Heights*



Table 19. Administrative Budget (000's)

	1993 Actual	1994 Estimate	1995 Budget
Non-Vehicle Maintenance	\$ 97	\$ 137	\$ 138
Administration			
Labor	6,129	6,294	6,591
Parts/Supplies	211	232	242
Utilities	134	144	145
Other	2,253	2,590	2,735
Total	\$ 8,824	\$ 9,397	\$ 9,851

Organizational Overview

The Pace organization is comprised of three elements—administration, central support and Pace-owned divisions. Within each element, employees are classified into four activity areas of operations, maintenance, non-vehicle maintenance and administration. These activity areas are defined by the Federal Transit Administration’s section 15 reporting requirements which apply to all public transit operators.

The administration element is budgeted at 148 filled full-time equivalents (FTE’s) for 1995, no increase from 1994. The administration is located at the Arlington Heights facility and is comprised of the functional areas which report to the Executive Director (with the exception of the central support and Pace divisions) as indicated on the organization chart on page 37.

The central support element is budgeted at 84 filled FTE positions for 1995, an increase of 2 FTE’s from 1994. The increase represents the filling of two vacant positions that existed in 1994. The central support element is comprised of the functional areas which report to the Deputy Executive Director of Operations and the materials management function as shown on the organization chart.

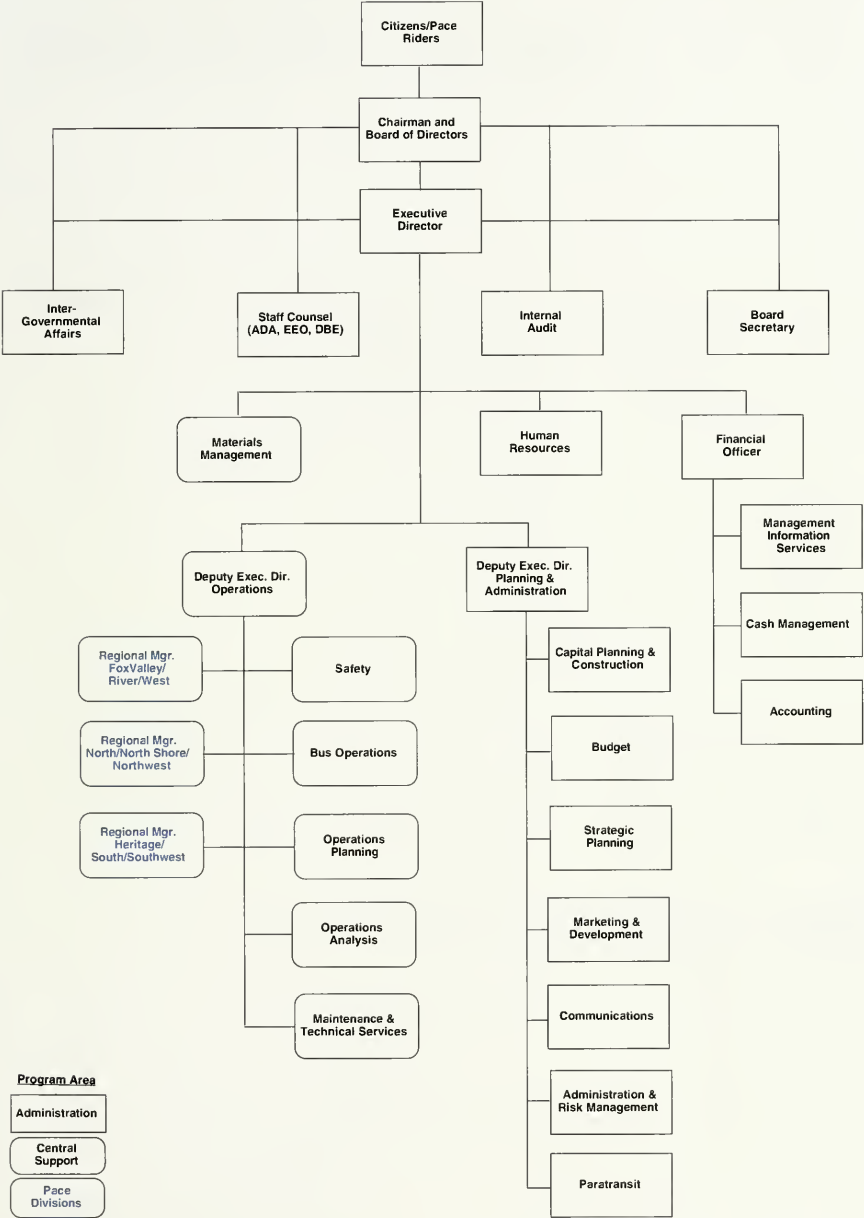
The Pace division element is comprised of the nine Pace division garages and is budgeted at 1,056 filled FTE positions for 1995, with no increase from 1994. The Pace divisions which are located throughout the region (reference Map 4, page 9) report to the Deputy Executive Director of Operations who, in turn, reports to the Executive Director as indicated on the organization chart.

The accompanying tables summarize the FTE personnel counts for 1993, 1994 and the proposed 1995 budget.

Table 20. Full-Time Equivalent Personnel (FTE's)

1993 ACTUAL	Area:	Administration	Central Support	Pace Divisions	Total
Activity					
Operations		0	38	797	835
Maintenance		0	38	198	236
Non-Vehicle Maintenance		0	0	12	12
Administration		146	0	35	181
Total		146	76	1,042	1,264
1994 ESTIMATED	Area:	Administration	Central Support	Pace Divisions	Total
Activity					
Operations		0	41	804	845
Maintenance		0	41	200	241
Non-Vehicle Maintenance		0	0	15	15
Administration		148	0	37	185
Total		148	82	1,056	1,286
1995 BUDGET	Area:	Administration	Central Support	Pace Divisions	Total
Activity					
Operations		0	42	804	846
Maintenance		0	42	200	242
Non-Vehicle Maintenance		0	0	15	15
Administration		148	0	37	185
Total		148	84	1,056	1,288

Chart K. Pace Organizational Chart



1995 Capital Program Budget

Summary

The 1995 capital program totals \$33.5 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA) and the Illinois Department of Transportation (IDOT) are expected to provide \$33.2 million while Pace will commit \$.3 million from its own funds.

The program contains \$12.2 million for the replacement of 15 fixed route buses and the acquisition of 114 paratransit buses. All vehicles will be lift equipped in accordance with ADA requirements. Also included is the purchase of 86 vans for the Vanpool Incentive Program. The electrical and communications' elements contains \$3.8 million for the purchase of additional equipment for the Transit Vehicle Management System (TVMS).

Major facilities projects totaling \$11.5 million are included in the 1995 program. Highlights include construction of a new Paratransit garage in McHenry County, park-n-ride facilities in Bolingbrook, Romeoville, Elk Grove Village, and Bridgeview. Pace will also construct new transfer facilities in Oak Park, O'Hare Airport, and Glenview, as well as expand the existing Chicago Heights bus turnaround. Two new transportation centers are planned, one in Homewood and one in Oak Brook.

In addition, \$6.1 million is programmed for signs/shelters, maintenance equipment, office equipment, furniture, computer equipment, major vehicle components, warranties and contingencies/project administration.

Table 21. 1995 Capital Program (000's)

	Amount
Rolling Stock	\$12,224
Electrical/Signal/Communications	3,750
Support Facilities	11,467
Support Equipment	4,175
Contingencies/Project Administration	1,884
Grand Total	\$33,500

Capital Funding Sources

Funding Sources

Pace receives capital money from three funding sources, the U.S. Department of Transportation, Federal Transit Administration (FTA), the State of Illinois, Department of Transportation (IDOT) and the Regional Transportation Authority (RTA). Additionally, Pace uses its own unrestricted fund balance to support its capital needs.

Federal Transit Administration (FTA)

Pace receives three types of federal transit capital assistance from FTA under the provision of the Federal Transit Act, as amended (49 U.S.C. app. Section 1601 et. seq.). Section 9 is a Block Grant program which allocates funds to transit systems based on a formula driven by population, densities and service levels. FTA Section 9 grants provide for 80% of project cost and require a local "match" for the 20% balance. Section 3 is a Discretionary Grant program with 80% of the national allocation going to new rail systems, their modernization and extension. Only 20% of the program is available for buses or bus related facilities. Section 3 grants also require a 20% local match.

Each year the RTA apportions all federal funds to each service board (CTA, Metra, and Pace) based on an allocation formula. Pace receives 8% of these total funds, while CTA receives 58% and Metra receives 34%. Lastly, the federal program establishes funding for transportation projects which reduce traffic congestion and improve air quality under the Congestion Mitigation and Air Quality (CMAQ) Improvement Program. In prior years, Pace has competed successfully for these CMAQ funds for the purchase of vanpool vehicles and other capital projects. In total, Pace expects to receive \$20.9 million in FTA capital assistance for the 1995 program.

State of Illinois "B" Bonds

In 1989, the General Assembly renewed the State of Illinois "B" Bond program which provides funds for transit projects statewide and is administered by the Illinois Department of Transportation (IDOT). This program appropriated \$200 million to the service boards and is available until 1995. These funds can be used to match federal capital grant funds or they can fund 100% of the cost of capital projects. In the past, an additional \$5 million in state general revenue funds were available for project costs which cannot be bonded, or have a useful life of less than 12 years. Another \$75 million is dedicated to IDOT's Operation Green Light Program. The focus of this program is to fund projects which reduce traffic congestion. Pace expects to receive \$2.0 million in IDOT funding under these programs for 1995.

Regional Transportation Authority (RTA)— Bond Program

In 1989, \$1 billion in bonding authority was granted by the state to the RTA consisting of \$500 million in Strategic Capital Improvement Program (SCIP) bonds and \$500 million in general obligation bonds. The debt service on the SCIP bonds is subsidized by the state, while the debt service on the general obligation bonds must be met by the RTA. Pace has no direct capital bonding authority and, therefore, no bond debt. Pace received 5% of the region's bond funding or \$50 million of the \$1.0 billion in bonds. Pace will program the last \$8.6 million of its RTA bond allocation in 1995.

Regional Transportation Authority (RTA)— Discretionary Program

In the past, RTA has earmarked a limited amount of "discretionary funds" from operating sources for capital projects which cannot be bonded, or have a useful life of less than 7 years. Traditionally, Pace receives 8% of these funds and this year's program assumes \$1.8 million in these funds will be available for this purpose although RTA has not budgeted them to date.

Pace Funds

Pace's 1995 capital budget contains \$.25 million in funds from its own unrestricted fund balance to pay for capital projects which are unanticipated at the time its capital budget is prepared. Pace funds not used for capital are returned to the unrestricted fund balance at year end.



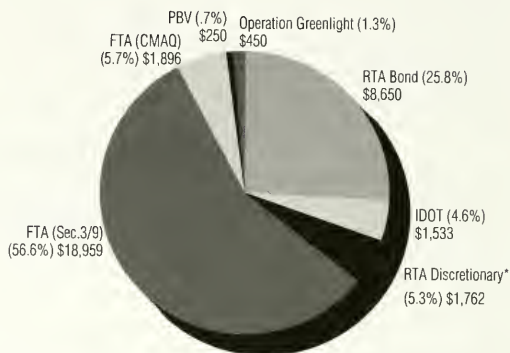
*Capital funds
are used to build
transportation
centers like this
one in Aurora*

Chart L. 1995 Capital Program

Sources (000's)

Total \$33,500

*Over 50% of
Pace's program
is funded with
Federal funds*



*RTA has not provided marks for RTA Discretionary funds to date. This figure reflects Pace's needs only.

Uses (000's)

Total \$33,500

*Major focus of
the 1995
program will be
on construction
of support
facilities and
equipment*

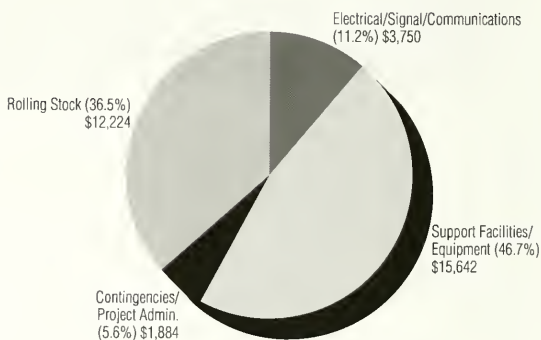


Table 22. 1995 Capital Program (000's)

Project Description	Amount
Rolling Stock	
Purchase up to 15 Fixed Route Buses	\$ 3,630
Purchase up to 114 Paratransit Vehicles	6,530
Purchase up to 86 Vans for Vanpool	2,064
Subtotal Rolling Stock	\$ 12,224
Electrical/Signal/Communications	
Transit Vehicle Management System (TVMS)	\$ 3,750
Subtotal E/S/C	\$ 3,750
Support Facilities	
Park-N-Ride - Bolingbrook (Construction)	\$ 450
Park-N-Ride - Romeoville (A/E, Construction)	250
Park - N-Ride - Elk Grove Village (A/E, Construction)	300
Park-N-Ride - Bridgeview (A/E, Construction)	200
Transfer Facility - Oak Park (A/E, Construction)	1,500
Transfer Facility - O'Hare (A/E, Construction)	250
Transfer Facility - Glenview (A/E, Construction)	600
Transfer Facility Expansion - Chicago Heights (A/E, Construction)	300
Transportation Center - Homewood (Construction)	500
Transportation Center - Oak Brook (Land, A/E)	2,800
Paratransit Garage - McHenry County (Land, A/E, Construction)	2,500
Improvements to Garages/Facilities	1,181
Contractor Capital	636
Subtotal Support Facilities	\$ 11,467
Support Equipment	
Bus Stop Signs/Shelters	\$ 270
Maintenance Equipment/Others	775
Office Furniture/Equipment	380
Computer Equipment/Software & Hardware	200
Associated Capital	2,000
Extended Warranties	300
Unanticipated Capital	250
Subtotal Support Equipment	\$ 4,175
Contingencies /Project Administration	\$ 1,884
Grand Total	\$ 33,500

1995 Capital Program Description

In accordance with estimated funding levels, Pace's 1995 annual program totals \$33.5 million. Approximately \$15.6 million or 47% will be spent on support facilities and equipment, with the remainder going to purchase of rolling stock and additional equipment for the Transit Vehicle Management System.

Rolling Stock

Pace's 1995 annual program contains funds to purchase 15 wheelchair accessible replacement buses to be operated in private contract service. In addition, 114 paratransit buses and vans will be purchased; 102 are replacement, 12 are for expansion of services to meet ADA requirements.

Pace also plans to acquire 86 vans; 7 vehicles will be replacements and 79 are for expansion of the vanpool program. Pace expects the demand for vanpool services will increase even more as the deadline for companies to meet the Employee Commute Options (ECO) requirements approaches. In addition, the ADvAntage Program, a vanpool service that operates for passengers with disabilities who commute to a common destination, is expected to increase substantially by the end of 1995.

Operating Cost Impacts

In general, Pace will avoid operating cost increases by replacing outdated equipment.

Support Facilities

The program contains \$9.65 million for the purchase of land, engineering and construction of a paratransit garage in McHenry County, park-n-ride lots, and transfer facilities. In addition, \$1.181 million will be used for improvements at various Pace garages and facilities.

Paratransit Garage-McHenry County—This facility will be used for storage and maintenance of paratransit vehicles used in service in McHenry County. The service in McHenry County is currently provided by a private carrier under contract to Pace using Pace-owned vehicles.

Operating Cost Impacts

Currently, the provider of service leases a facility and these costs are passed on to Pace through its payment for services. If Pace constructs a facility and allows the private provider to use the facility, Pace will save on the lease costs. Additionally, with a Pace-owned garage in McHenry County, it is believed that competition among bidders for this service will increase in the future further reducing the cost of the contract.

Park-N-Ride in Bolingbrook—This facility will serve Route 855, an express route from Romeoville to downtown Chicago. It will provide parking spaces for approximately 150 cars, bus shelters and a bus boarding area. This replaces an existing leased lot at South Commons Mall. Land acquisition has been completed. Funding is programmed in 1995 for construction of the facility.

Pace's Northwest Transportation Center is under construction in Schaumburg



Operating Cost Impacts

The Village of Bolingbrook has committed to maintaining the facility, including snow removal and landscape maintenance, and will pay utilities; therefore, no operating expenses will be incurred.

Park-N-Ride in Romeoville—The facility will also accommodate passengers of Route 855 which initiates service in Romeoville. Pace plans to construct a 50 space park-n-ride lot for passengers who are now using the parking lots of various businesses in Romeoville.

Operating Cost Impacts

Pace will incur marginal costs associated with the maintenance of the facility, expected to be no more than \$5,000 per year.

Park-N-Ride in Elk Grove Village—Pace plans to construct a 50 space park-n-ride facility at Arlington Heights Road and I-90 to serve Route 616. This will provide easy access to public transportation for individuals who wish to use Pace bus service to the River Road CTA Rapid Transit Station to go downtown.

Operating Cost Impacts

Pace will incur marginal costs associated with the maintenance of the facility, expected to be no more than \$5,000 per year.

Park-N-Ride in Bridgeview—This facility will be served by Routes 877 and 888, express service which takes passengers from the southern suburbs to employment centers in Oak Brook and Lombard. Approximately 50 cars can be accommodated at this lot.

Operating Cost Impacts

Pace will incur marginal costs associated with the maintenance of the facility, expected to be no more than \$5,000 per year.

Transfer Facility in Oak Park—This project includes the construction of a bus transfer facility in association with the renovation of the Oak Park Metra station and CTA Green Line Marion Street Rapid Transit station. Pace Routes 305, 307, 309, 313, 318, 757, and 1015 will utilize the facility.

Operating Cost Impacts

The Village of Oak Park will provide the maintenance of this facility along with improvements which are being made by CTA and Metra.

Transfer Facility at O'Hare Airport—Pace plans to construct a transfer facility to accommodate passengers of routes 220 and 330 at O'Hare Airport. The area that has been identified is centrally located to the various terminals and the CTA Rapid Transit station. This area will separate our buses from automobile traffic and will enable our service to be operated more efficiently.

Operating Cost Impacts

Pace will incur marginal costs associated with the maintenance of the facility, expected to be no more than \$3,000 per year.

Transfer Facility in Chicago Heights—Funding requested in 1995 will be used to expand our current bus turnaround at Chicago Heights. Pace plans to purchase

adjacent property for the expansion. The expansion is necessary for better bus circulation and will improve safety. Routes 352, 357, 358, 366 and 370 will utilize this facility.

Operating Cost Impacts

Pace currently has an agreement with the Village of Chicago Heights to maintain this facility. Therefore, there is no cost to Pace.

Transfer Facility in Glenview—This facility will provide an off-street staging area for Pace buses and provide a comfortable environment for passengers to wait for our buses. Pace Routes 210, 212, 220, 228 and 421 will utilize this facility.

Operating Cost Impacts

Pace intends to negotiate a maintenance agreement with the Village of Glenview to maintain this facility; therefore, no cost should be incurred by Pace.

Transportation Center in East Hazelcrest/Homewood—This project involves construction of a bus transfer facility and park-n-ride lot in the East Hazelcrest/Homewood area. This will replace an existing leased lot at Washington Square Mall. Route 888 will use this facility.

Operating Cost Impacts

Pace intends to negotiate a maintenance agreement with the local community to maintain this facility; therefore, no costs should be incurred by Pace.



The new North Shore Division garage is in the final stage of completion

Transportation Center in Oak Brook—Pace plans to construct a park-n-ride lot for 50 cars and a bus transfer facility to accommodate seven routes serving the Oak Brook area.

Operating Cost Impacts

Pace will incur certain costs associated with the maintenance of this facility, expected to be less than \$5,000 per year.

Improvements at Garages and other Pace Facilities—This project involves various improvement/renovation work at Pace garages and facilities, such as replacing overhead doors, bus washer reclaim system, air curtain, parking lot improvements, etc.

Operating Cost Impacts

In general, Pace will control operating costs by implementing these projects by avoiding increased costs associated with ongoing repairs.

Contractor Capital—This project involves capitalizing costs associated with garage facilities and bus equipment incurred by a private contractor providing services for Pace.

Operating Cost Impacts

Private bus operators charge Pace for lease costs associated with garages and buses through their service contract. By capitalizing these costs, Pace will reduce operating expenses.

Electrical/Signal/ Communications

This project involves the purchase of additional equipment for Pace's Transit Vehicle Management System (TVMS). This is the second year of a \$19.6 million multi-year project. Pace plans to eventually equip the entire Pace fixed route fleet with state of the art technology which has capability for automatic vehicle location and signal preemption.

The TVMS is designed to make buses "smart" and, as a result, improve operating performance. TVMS technology can provide the capability to increase average operating speed, improve schedule adherence, enhance revenue management, improve service reliability and provide real time passenger information.

The major benefit of the TVMS will come through signal preemption. Signal preemption provides Pace with an opportunity to increase the operating speeds of transit vehicles in congested corridors. If a bus is operating behind schedule, the computer on the bus will trigger the traffic signal to turn green or stay green long enough for the bus to clear the intersection.

In addition, TVMS will enable Pace to improve on-time performance. The automatic vehicle location (AVL) component of TVMS will allow Pace to monitor headways and make adjustments to routes more effectively. The driver and the dispatcher will know if a bus is ahead or behind schedule and rapid changes can be made to correct the situation.

The AVL component also offers significant advantages in terms of safety. Because the AVL component can provide very specific information about where a bus is located, a dispatcher can send police, fire or paramedics to the exact location of the problem in the event of an emergency.

By tracking vehicles, it will be possible to know of significant delays in operation immediately. If a passenger calls in to determine when their bus will be arriving, real time information will be available.

TVMS offers significant operational savings. Connecting the automatic passenger counters and fare collection system will provide insights into fare payment preferences and ridership patterns and may suggest ways to improve fare collection, instruments and route structure.

Also on board, electronic monitors for the engine and transmission will inform maintenance personnel of a problem before it causes a breakdown on the street.

Operating Cost Impacts

Teng and Associates recently completed a study of the capital and operating impacts of the TVMS system. While \$5.2 million will be spent in operating costs over the next 10 years, \$52.9 million will be saved in increased efficiencies, resulting in a net operating savings of \$47.7 million over the 10 year period. Net savings after deducting the \$19.6 million capital cost are estimated at \$28.1 million cumulative for the 10 year period.

Support Equipment

This project involves the purchase of maintenance equipment for various garage facilities, office and computer equipment, and signs and shelters.

Operating Cost Impacts

No cost impacts are anticipated due to the purchase of support equipment.

1995-1999 Capital Plan

Summary

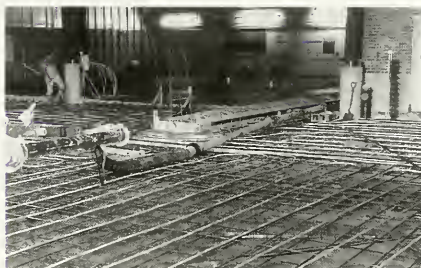
Pace's proposed Five Year Plan will continue the replacement and expansion of paratransit and vanpool vehicles, and replacement of fixed route buses. Furthermore, Pace plans to build park-n-ride lots and transfer facilities through-out the region as well as complete the purchase of equipment for the Transit Vehicle Management System.

It should be noted that Pace's Five Year Capital Plan of \$182.11 million reflects Pace's needs and exceeds available funding estimated by the Regional Transportation Authority. Pace assumes that the State and RTA Bond Programs will be reauthorized and will provide the necessary funding to the region in order that these programs can be undertaken and completed. In the absence of these reauthorizations, Pace's Five Year Capital Plan will

be seriously constrained. Additionally, Pace has assumed that the region will continue to receive the same Federal funding levels over the next 5 years.

Highlights of the Five Year Capital Plan include:

- Purchase 174 accessible fixed route buses
- Purchase 440 accessible paratransit vehicles
- Purchase 523 vanpool vehicles
- Purchase equipment for the Transit Vehicle Management System
- Transportation facilities in Oak Brook, Homewood, Glenview, Oak Park, Chicago Heights, Schaumburg, Waukegan and Lisle.
- Park-N-Ride lots in Bolingbrook, Romeoville, Elk Grove Village, Bridgeview, Elgin, Lockport, and Glen Ellyn.
- New garages in McHenry, DuPage and Northwest Cook Counties and expand garage facilities in North Aurora and Evanston
- Improve on-street bus stops throughout the region.



The Northwest Division garage underwent expansion in 1994

Strategies by Asset Category

In general, Pace has viewed the expenditure of capital funds from a viewpoint consistent with the general strategy of increasing ridership and the recovery ratio. Capital expenditures which avoid or reduce operating costs such as new equipment and facilities serve to increase the recovery ratio. Projects which enhance service such as new vehicles and passenger facilities support the goal of increasing ridership. The following describes the approach taken for each expenditure classification.

Asset Category: Rolling Stock

Pace's capital program in the last several years has focused on the replacement of Pace's aging fleet in order to maintain and improve customer satisfaction. Since Pace's inception, 558 fixed route buses and 316 paratransit vehicles have been replaced, bringing down the average age of our fleet to 3.9 years for the fixed route fleet and 4.4 years for the paratransit fleet.

We have also concentrated on the replacement of private contractor equipment with smaller wheel-chair accessible vehicles in an effort to comply with ADA requirements and to meet the needs of suburban commuters. These vehicles will be used primarily for

feeder routes to Metra train stations. We will have substantially completed this component by 1995. Replacement of other contractor operated and Pace operated fixed route buses is included in the Five Year Capital Plan.

In the next five years, emphasis will be placed on the replacement and expansion of paratransit and vanpool vehicles. Pace projects that the demand for vanpool services will increase as traffic congestion in the suburbs increases and companies must find ways to reduce employee trips in compliance with the state ECO Act. Expansion of the Paratransit fleet is necessary to meet ADA requirements.

Asset Category: Electrical/Signal/Communications

Since the primary competition of transit is single occupant vehicles, improving operating efficiency is essential to competing successfully with the automobile. Investing in equipment such as envisioned in the Transit Vehicle Management System (TVMS) will allow Pace to increase the operating speed of buses travelling on streets with general purpose traffic.

One of the enhancements which can be added to the base TVMS is the signal preemption component, which can activate a request for signal preemption at an intersection when a bus is operating behind schedule. Signal preemption will provide Pace with an opportunity to increase the operating speeds of transit vehicles in congested corridors. Other benefits of TVMS include the capability to improve schedule adherence and service performance, enhance revenue management, improve service reliability and produce real time passenger information which will improve passenger communications.

Signal preemption systems such as Pace's TVMS will increase operating speed



Pace's Five Year Plan includes completing the purchase of equipment for the Transit Vehicle Management System. A consultant study indicates that to equip the entire Pace fleet with the base system and enhancements will cost a total of \$19.6 million. Pace will purchase this system over a period of several years.

Additionally, in cooperation with the Illinois Department of Transportation and the Illinois State Highway Toll Authority, Pace plans to equip all major toll plazas with Automatic Vehicle Identification (AVI) sensors in order to automate toll payment and increase operating speeds on Pace buses that use the tollways.

**Asset Category:
Support Facilities**

Pace's Five Year Plan will concentrate on the construction of additional park-n-ride lots and transfer facilities as part of Pace's on-going efforts to improve access to Pace's services and provide better passenger waiting conditions.



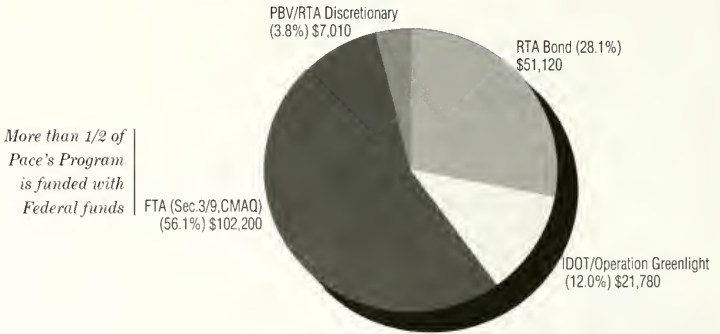
Transit centers such as this one in Buffalo Grove facilitate park-n-ride activity

Further, in accordance with Pace's Comprehensive Operating Plan, new garages are being planned for McHenry, DuPage and Northwest Cook Counties. The construction of these garage facilities will allow Pace to serve these growing suburban markets more efficiently and will save on operating costs. Pace also plans to expand the storage capacity of the Pace North Shore (Evanston) and Pace Fox Valley (North Aurora) garages.

Chart M. 1995-1999 Capital Plan—Sources and Uses of Funds

Sources (000's)

Total \$182,110



Uses (000's)

Total \$182,110

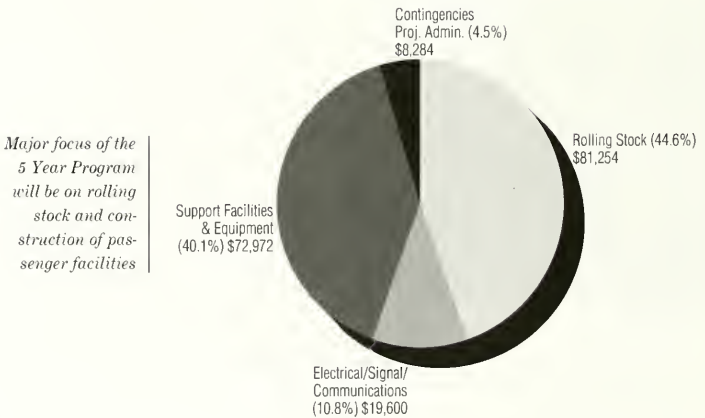


Table 23. Capital Plan 1995-1999 (000's)

Project Description	1995 Amount	1996 - 1999 Amount	Total
Rolling Stock			
Purchase 174 Fixed Route Buses	\$ 3,630	\$ 36,640	\$ 40,270
Purchase 440 Paratransit Vehicles	6,530	21,160	27,690
Purchase 523 Vanpool Vehicles	2,064	11,230	13,294
Subtotal - Rolling Stock	\$ 12,224	\$ 69,030	\$ 81,254
Electrical/Signal/Communications			
Purchase AVI Equipment/Tollway Access	\$ 0	800	800
Transit Vehicle Management System (TVMS)	3,750	15,050	18,800
Subtotal - E/S/C	\$ 3,750	\$ 15,850	\$ 19,600
Support Facilities & Equipment			
Park-N-Ride - Bolingbrook	\$ 450	\$ 0	\$ 450
Park-N-Ride - Romeoville	250	0	250
Park-N-Ride - Elk Grove Village	300	0	300
Park-N-Ride - Bridgeview	200	0	200
Park-N-Ride Facilities - Other	0	6,000	6,000
Transfer Facilities/Bus Turnarounds	0	6,000	6,000
Transfer Facility - Oak Park	1,500	0	1,500
Transfer Facility - O'Hare	250	0	250
Transfer Facility - Glenview	600	0	600
Transfer Facility Exp. - Chicago Hts.	300	0	300
Transportation Center - Homewood	500	0	500
Northwest Transportation Center (Exp.)	0	4,000	4,000
Transportation Center - Oak Brook	2,800	700	3,500
Transportation Centers - Other	0	6,500	6,500
North Shore Garage - Evanston (Exp.)	0	3,000	3,000
Fox Valley Garage (Exp.)	0	1,500	1,500
Northwest Cook County Garage	0	5,000	5,000
Paratransit Garage - McHenry County	2,500	0	2,500
DuPage County Garage	0	2,500	2,500
Improvements to Garages/Facilities	1,181	4,000	5,181
Pace Admin. Bldg./Counting House/Stor.	0	400	400
Signs/Shelters	270	800	1,070
Maintenance Equipment/Other	775	3,000	3,775
Office Equipment/Furniture	380	1,400	1,780
Computer Equipment	200	1,230	1,430
Extended Warranties	300	1,100	1,400
Unanticipated Capital	250	1,000	1,250
Associated Capital	2,000	7,000	9,000
Capital Projects Engineering Plan	0	200	200
Contractor Capital	636	2,000	2,636
Subtotal Support Facilities & Equipment	\$15,642	\$57,330	\$72,972
Contingencies & Administration	\$1,884	\$6,400	\$8,284
Total Pace Program	\$33,500	\$148,610	\$182,110

1995-1997 Financial Plan and Fund Balance

General

The following section presents Pace's financial plan and fund balance for 1995 through 1997. The Amended RTA Act requires the service boards to submit such a plan in addition to their annual programs and budgets. The final plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace's plan for 1995-1997 achieves this balance.

The greatest impact of balancing the three year plan is felt in 1996 when Pace will be required to reduce system expenses an additional \$5.4 million in order to achieve planned ADA service levels and meet RTA funding requirements.

WEFA assumptions were used for the remaining years and categories. The key assumptions and their application used to develop the Pace three year plan are summarized on Table 24.

Assumptions

The economic assumptions used to develop the budget have been provided by the WEFA Group, an economic consulting firm under contract with the RTA. However, Pace also subscribes to the Blue Chip Economic Indicator Report. This report provides a consensus outlook by 52 economists on the trends of several key economic indicators—including inflation as measured by the consumer price index (CPI). The Blue Chip consensus estimate for inflation was used for years 1994 and 1995,

Numerous individual projections and assumptions are made in order to develop the annual budget and out year forecasts. In general, these estimates are based on the economic data shown on Table 2+. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 25.

Pace's three year plan (Table 27) shows a balance between costs and the funding estimates identified for Pace by the RTA. The three year outlook for operating revenue indicates a 4.9% growth in 1995. This growth, due to increased ridership, vanpool program expansion and the CTA fare restructuring does not continue into 1996. In 1996, operating revenues are projected to be flat to 1995 as losses are anticipated which offset gains in ridership and vanpool income growth. The 1996 ridership losses are due to cutbacks made necessary to accommodate ADA paratransit service expansion. In 1996, Pace will need to realign its services and budget to accommodate a dramatically expanded ADA paratransit program. The current ADA service plan calls for a \$5.8 million net expansion of service in 1996, a doubling of the 1995 service level, in order to achieve compliance with ADA requirements by the end of 1996. This expansion will require \$5.4 million in offsetting reductions in other better performing services, resulting in a revenue loss of \$.8 million. In 1997, operating revenues are projected to grow 3.8% fueled by continued ridership growth of 2.6% and further expansion of the vanpool program.

Table 24. RTA/WEFA Baseline Economic Assumptions

	1994	1995	1996	1997	Where Applied
CPI-U (National)	2.8%	3.3%	3.3%	3.5%	Note 1
CPI-U Medical Care	4.8%	4.9%	5.4%	5.7%	Note 2
T-Bill Rate (3 Month)	3.2%	3.9%	4.8%	5.4%	Investment Income 94-97
#2 Diesel % Change	-6.4%	2.6%	4.2%	8.9%	Note 3

Note 1—The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 1996 and 1997 as they are beyond the range of most current contractual agreements.

Note 2—Past experience has shown that health insurance costs have exceeded this index at an average of twice this general rate. For purposes of budget development, we used rates supplied to us by our health care administrator for 1994 and 1995. For outlying years 1996 and 1997, we assumed twice the rate provided by WEFA.

Note 3—WEFA fuel price estimates for 1994 are significantly off from current actual prices (WEFA—\$.491/gallon vs. actual—\$.57 gallon), therefore, the rates presented in this table were not used to develop the fuel estimate and budget. Fuel cost estimates for 1994 were based on current trends and the budget for 1995 assumed continuation of this trend. For outlying years 1996 and 1997, the WEFA inflation rate was used.

Table 26. Major Expense Category Growth Over Prior Year

	1995	1996	1997
Labor/Fringes	4.2%	4.3%	4.7%
Parts/Supplies	2.3%	2.8%	3.4%
Utilities	17.5%	4.1%	3.9%
Fuel	1.6%	3.3%	3.5%
(\$/Gallon)	(.579)	(.598)	(.619)

Fund Balance

By containing costs through good management, Pace has been able to establish savings from its operating budget annually from 1984 to 1991. By the end of this eight year period, Pace accumulated over \$31 million in savings. In an effort to recognize this favorable performance, RTA adopted a policy allowing service boards to use these savings for capital projects or one-time operating expenses. Between 1984 to 1994, Pace has committed over \$26.9 million for capital projects funded out of this reserve. However, in 1992, in addition to obligating reserve funds for capital needs, Pace was required to use \$2.2 million to balance a funding deficit which came as a result of a shortfall in sales tax revenues.

In 1993, Pace performed essentially at budgeted levels and only \$34,000 in savings were earned. For 1994, Pace does not expect to come in under budget and, therefore, no increase to the unrestricted fund balance will be generated in 1994. Pace expects to use \$346,000 in fund balance in 1994 to cover the cost of two service elements not funded by the RTA, the cost of maintaining the Dial-a-Ride subsidy formula for the first quarter of 1994 and the cost of the Cook-DuPage special services program. In addition, \$2.1 million was programmed for capital projects in 1994.

For 1995, Pace plans to use \$250,000 for capital needs and \$177,000 to continue the Cook-DuPage special services program.

The following table identifies the capital and operating fund commitments by Pace from 1986 to 1993 and proposed obligations for 1994 to 1997.

Table 26. Capital and Operations Funding Provided Via Pace Fund Balance (000's)

	Capital	Operations
1986	\$ 1,959	-
1987	\$ 1,950	-
1988	\$ 7,611	-
1989	\$ 6,192	-
1990	\$ 415	-
1991	\$ 285	-
1992	\$ 5,281	\$ 2,240
1993	\$ 1,113	\$ -
1994	\$ 2,100	\$ 346
1995	\$ 250	\$ 177
1996	\$ 250	\$ -
1997	\$ 250	\$ -
Grand Total	\$ 27,656	\$ 2,763

Table 27. 1995-1997 Three Year Plan and Fund Balance (000's)

	1993 Actual	1994 Estimate	1995 Proposed	1996 Projected	1997 Projected
Revenues					
Farebox	\$ 29,459	\$ 30,044	\$ 30,972	\$ 31,528	\$ 32,628
Fare Reimbursement	2,015	1,834	1,834	1,834	1,834
Investment/Other	2,160	2,447	2,598	2,851	3,059
Service Reductions	0	0	0	(808)	(761)
Fare Restructuring	0	0	600	600	600
Total Revenue	\$ 33,634	\$ 34,325	\$ 36,004	\$ 36,005	\$ 37,360
Operating Expenses					
Labor/Fringes	\$ 51,194	\$ 54,550	\$ 56,842	\$ 59,299	\$ 62,097
Parts/Supplies	3,442	3,854	3,943	4,052	4,190
Other	7,669	7,505	7,472	7,719	7,988
Private Contract	9,912	9,715	9,856	10,187	10,549
DAR	7,352	7,439	7,732	7,603	7,869
ADA Paratransit	4,492	4,760	5,760	11,575	14,405
Cook DuPage Special Services	0	271	211	0	0
Vanpool	454	761	1,098	1,432	2,026
Southwest Rapid Transit	79	476	492	508	526
Insurance	4,004	4,180	4,405	4,550	4,709
Fuel	2,764	2,643	2,685	2,774	2,871
Utilities	1,019	1,146	1,347	1,402	1,457
Service Reductions	0	0	0	(5,451)	(5,136)
Total Expenses	\$ 92,381	\$ 97,300	\$101,843	\$105,650	\$113,551
Funding Requirement	\$ 58,747	\$ 62,975	\$ 65,839	\$ 69,645	\$ 76,191
Recovery Ratio	36.41%	35.28%	35.10%	34.08%	32.90%
Public Funding					
RTA Operating	\$ 58,697	\$ 62,248	\$ 65,321	\$ 69,645	\$ 76,191
RTA New Initiatives	21	0	0	0	0
CMAQ	63	381	341	0	0
Pace Funds	0	346	177	0	0
Total Public Funding	\$ 58,781	\$ 62,975	\$ 65,839	\$ 69,645	\$ 76,191
Surplus/(Deficit)	\$ 34	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance					
Beginning Balance	\$ 6,354	\$ 5,275	\$ 2,828	\$ 2,401	\$ 2,151
Surplus/(Deficit)	34	0	0	0	0
Less: Obligations/Other	1,113	2,446	427	250	250
Ending Balance	\$ 5,275	\$ 2,828	\$ 2,401	\$ 2,151	\$ 1,901

Financial Plan Variance

Pace is required (by statute) to perform a comparison and analysis of its proposed budget and Three Year Plan to the existing RTA Three Year Financial Plan. Pace's 1995-1997 Three Year Plan, as proposed, varies from the RTA's existing Three Year Plan (as adopted in December, 1993) with respect to funding and recovery rates due to the following reasons:

- Funding requirement in 1995 is approximately \$1,012,000 less than the original plan due to combined changes in both revenue and expenses. A favorable improvement of \$772,000 in planned revenue is anticipated with \$172,000 coming

from increases in investment and advertising income, combined with increased revenue from the state half-fare reimbursement program. These increases are expected to offset a negative change in farebox revenue. The decline in farebox revenue comes largely from a more conservative estimate of growth for Pace's vanpool program for plan year 1995. An additional \$600,000 is estimated to result from a fare restructuring being implemented by CTA in 1995 which will have a direct impact on Pace fare receipts. This action has a major favorable impact on operating revenues in both 1995 and 1996.

Expense levels are anticipated to be favorable by \$240,000 less than originally planned as sufficient cost savings for expenses like health care and fuel will offset the negative impact of service level changes that were not implemented as called for in the plan. Pace took advantage of cost savings opportunities in health insurance and other areas as a means to mitigate the planned service cuts for 1994.

- Funding levels in 1996 are also favorable by \$1.68 million from the original plan, as the same revenue and expense factors noted for 1995 continue to impact funding needs in 1996.

Table 28. 1995-1997 Three Year Financial Plan Variance from Existing RTA Plan (000's)

	1995	1996	1997
Funding Requirement			
RTA Plan (1994-1996)	\$ 66,851	\$ 71,334	*
Pace Plan (1995-1997)	65,839	69,645	76,191
Variance	\$ 1,012	\$ 1,689	N/A
Favorable/(Unfavorable) Changes			
Revenue			
Farebox Changes	\$ (468)	\$ (560)	
Reduced Fare Program	193	193	
Investment/Other	447	641	
Fare Restructuring	600	600	
Total Changes in Revenue	\$ 772	\$ 874	
Expenses			
Service Level Changes	\$ (610)	\$ (630)	
Cost Savings	850	1,445	
Total Changes in Expenses	\$ 240	\$ 815	
Total Change in Required Funding	\$ 1,012	\$ 1,689	
Recovery Ratio			
RTA Plan (1994-1996)	34.5%	33.3%	*
Pace Plan (1995-1997)	35.1%	34.1%	32.9%

* Note: The current RTA plan does not contain projected funding levels for FY 1997, thereby, eliminating comparability between plans. The current RTA plan (issued December 1993) identifies funding estimates for only 1994-1996.

The new plan is essentially consistent with the original plan with the exception of the few changes noted. However, what is not highlighted here, is the impact of the 1995 funding marks that were established by the RTA on September 21, 1994, which called for a \$1.2 million reduction in funding for Pace from the RTA's original plan of \$66.9 million. While \$.6 million is due to lower sales tax estimates, the remaining \$.6 million is attributed to a proposed systemwide fare increase which is coming from actions by the CTA. The final 1995 budget has addressed both of these issues and incorporated these changes into the program.

- Recovery performance improves for Pace under the new plan as funding requirements decline due to improving revenue estimates and declining expense levels.

Pace Cash Flow—1995

The following provides an estimate of Pace's revenues, expenses and cash position for operations on a monthly basis. Cash flow estimates for public operating funding are included in total revenues and are based on information provided by the RTA.

The amount of cash remaining at year-end will differ from Pace's projected 1995 fund balance as a result of timing differences in the disbursement of public funds from the RTA.

Capital grant expenditures are funded on a draw down basis from the grantors and are not held by Pace for more than a few days. They are, therefore, excluded from this cash flow.

Table 29. Projected Cash Flow*—1995 (000's)					
	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	\$ 2,828	\$ 7,976	\$ 8,322	\$ (346)	\$ 2,482
February	2,482	7,933	8,323	(390)	2,091
March	2,091	12,208	8,325	3,883	5,974
April	5,974	7,621	8,502	(881)	5,093
May	5,093	7,610	8,504	(894)	4,198
June	4,198	7,938	8,507	(569)	3,629
July	3,629	8,151	8,509	(358)	3,271
Aug	3,271	8,354	8,511	(157)	3,113
September	3,113	8,493	8,514	(21)	3,092
October	3,092	8,302	8,690	(388)	2,704
November	2,704	8,153	8,691	(538)	2,165
December	2,165	8,303	8,692	(389)	1,776

* Excludes restricted fund cash reserves held for insurance claims and capital commitments, as well as payouts for capital obligations funded with positive budget variance (PBV).

Conclusion

The 1995 operating and capital program and 1995-1997 financial plan and 1995-1999 capital plan as presented represents a comprehensive view of the entire Pace system and the issues it faces over the next several years. Pace is pleased to once again adopt a balanced budget and believes the 1995 program, as described in this document, presents an opportunity to move forward with our plans to improve suburban transportation services while holding the line on costs.

Appendix A

1993 Actual Results

1993 Actual Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride	ADA Paratransit Services
Revenue					
Farebox	\$ 20,806,220	\$ 543,363	\$ 3,343,679	\$ 3,860,176	\$ 352,859
Half-Fare Reimbursement	0	0	0	0	0
Other	597,006	7,538	399,379	0	0
Total Revenue	\$ 21,403,226	\$ 550,901	\$ 3,743,058	\$ 3,860,176	\$ 352,859
Operating Expenses					
Operations					
Labor/Fringes	\$ 30,972,465	\$ 970,159	\$ 0	\$ 0	\$ 0
Parts/Supplies	30,442	797	0	0	0
Purchased Transportation/Other	131,963	9,837	9,911,326	6,175,068	4,492,370
Total Operations	\$ 31,134,870	\$ 980,793	\$ 9,911,326	\$ 6,175,068	\$ 4,492,370
Vehicle Maintenance					
Labor/Fringes	\$ 7,574,341	\$ 215,677	\$ 0	\$ 0	\$ 0
Parts/Supplies	1,795,770	83,743	0	0	0
Fuel	0	0	0	0	0
Other	155,286	33,685	0	571,877	0
Total Vehicle Maintenance	\$ 9,525,397	\$ 333,105	\$ 0	\$ 571,877	\$ 0
Non-Vehicle Maintenance					
Labor/Fringes	\$ 385,604	\$ 0	\$ 0	\$ 0	\$ 0
Parts/Supplies	194,833	4,067	0	0	0
Other	460,724	0	0	0	0
Total Non-Vehicle Maintenance	\$ 1,041,161	\$ 4,067	\$ 0	\$ 0	\$ 0
General Administration					
Labor/Fringes	\$ 1,342,648	\$ 187,431	\$ 0	\$ 0	\$ 0
Parts/Supplies	90,151	213	0	0	0
Utilities	884,219	418	0	0	0
Insurance	0	0	0	0	0
Other	770,602	(47,022)	0	605,339	6,068
Total Administration	\$ 3,087,620	\$ 141,040	\$ 0	\$ 605,339	\$ 6,068
Total Expenses	\$ 44,789,048	\$ 1,459,005	\$ 9,911,326	\$ 7,352,284	\$ 4,498,438
Funding Requirement	\$ 23,385,822	\$ 908,104	\$ 6,168,268	\$ 3,492,108	\$ 4,145,579
Recovery Ratio	47.79%	37.76%	37.77%	52.50%	7.84%

Cook-DuPage Special Services	Vanpool	Southwest Rapid Transit	Centralized Support	Administration	1993 Total Actual	
\$ 0	\$ 536,687	\$ 16,000	\$ 0	\$ 0	\$ 29,458,984	
0	0	0	0	2,015,201	2,015,201	
0	0	0	0	1,155,978	2,159,901	
\$ 0	\$ 536,687	\$ 16,000	\$ 0	\$ 3,171,179	\$ 33,634,086	
\$ 0	\$ 0	\$ 79,263	\$ 1,706,474	\$ 0	\$ 33,728,361	
0	0	0	0	0	31,239	
0	454,098	0	0	0	21,174,662	
\$ 0	\$ 454,098	\$ 79,263	\$ 1,706,474	\$ 0	\$ 54,934,262	
\$ 0	\$ 0	\$ 0	\$ 1,709,730	\$ 0	\$ 9,499,748	
0	0	0	1,031,406	0	2,910,919	
0	0	0	2,764,443	0	2,764,443	
0	0	0	1,063,390	0	1,824,238	
\$ 0	\$ 0	\$ 0	\$ 6,568,969	\$ 0	\$ 16,999,348	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 385,604	
0	0	0	0	0	198,900	
0	0	0	115,592	96,773	673,089	
\$ 0	\$ 0	\$ 0	\$ 115,592	\$ 96,773	\$ 1,257,593	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,128,708	\$ 7,658,787	
0	0	0	0	211,121	301,485	
0	0	0	0	134,233	1,018,870	
0	0	0	4,004,066	0	4,004,066	
0	0	0	2,619,211	2,253,088	6,207,286	
\$ 0	\$ 0	\$ 0	\$ 6,623,277	\$ 8,727,150	\$ 19,190,494	
\$ 0	\$ 454,098	\$ 79,263	\$ 15,014,312	\$ 8,823,923	\$ 92,381,697	
\$ 0	\$ (82,589)	\$ 63,263	\$ 15,014,312	\$ 5,652,744	\$ 58,747,611	
0.00%	118.19%	20.19%	0.00%	35.94%	36.41%	

1994 Estimated Results

1994 Estimated Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride	ADA Paratransit Services
Revenue					
Farebox	\$ 21,067,593	\$ 573,622	\$ 3,194,000	\$ 3,938,778	\$ 361,347
Half-Fare Reimbursements	0	0	0	0	0
Other	968,807	26,688	118,286	0	0
Total Revenue	\$ 22,036,400	\$ 600,310	\$ 3,312,286	\$ 3,938,778	\$ 361,347
Operating Expenses					
Operations					
Labor/Fringes	\$ 33,076,297	\$ 1,012,750	\$ 0	\$ 0	\$ 0
Parts/Supplies	28,899	1,647	0	0	0
Purchased Transportation/Other	136,105	9,913	9,715,031	6,273,513	4,760,046
Total Operations	\$ 33,241,301	\$ 1,024,310	\$ 9,715,031	\$ 6,273,513	\$ 4,760,046
Vehicle Maintenance					
Labor/Fringes	\$ 8,315,329	\$ 226,236	\$ 0	\$ 0	\$ 0
Parts/Supplies	2,073,401	58,940	0	0	0
Fuel	0	0	0	0	0
Other	145,570	35,936	0	528,495	0
Total Vehicle Maintenance	\$ 10,534,300	\$ 321,112	\$ 0	\$ 528,495	\$ 0
Non-Vehicle Maintenance					
Labor/Fringes	\$ 408,574	\$ 0	\$ 0	\$ 0	\$ 0
Parts/Supplies	298,926	0	0	0	0
Other	572,036	0	0	0	0
Total Non-Vehicle Maintenance	\$ 1,279,536	\$ 0	\$ 0	\$ 0	\$ 0
General Administration					
Labor/Fringes	\$ 1,407,903	\$ 201,008	\$ 0	\$ 0	\$ 0
Parts/Supplies	94,138	832	0	0	0
Utilities	1,001,929	410	0	0	0
Insurance	0	0	0	0	0
Other	852,860	4,869	0	636,992	11,986
Total Administration	\$ 3,356,830	\$ 207,119	\$ 0	\$ 636,992	\$ 11,986
Total Expenses	\$ 48,411,967	\$ 1,552,541	\$ 9,715,031	\$ 7,439,000	\$ 4,772,032
Funding Requirement	\$ 26,375,567	\$ 952,231	\$ 6,402,745	\$ 3,500,222	\$ 4,410,685
Recovery Ratio	45.52%	38.67%	34.09%	52.95%	7.57%

Cook-DuPage Special Services	Vanpool	Southwest Rapid Transit	Centralized Support	Administration	1994 Total Estimated
\$ 52,826	\$ 761,000	\$ 95,000	\$ 0	\$ 0	\$ 30,044,166
0	0	0	0	1,834,000	1,834,000
0	0	0	0	1,333,412	2,447,193
\$ 52,826	\$ 761,000	\$ 95,000	\$ 0	\$ 3,167,412	\$ 34,325,359
\$ 0	\$ 761,000	\$ 476,000	\$ 1,847,551	\$ 0	\$ 37,173,598
0	0	0	0	0	30,546
270,726	0	0	0	0	21,165,334
\$ 270,726	\$ 761,000	\$ 476,000	\$ 1,847,551	\$ 0	\$ 58,369,478
\$ 0	\$ 0	\$ 0	\$ 1,759,643	\$ 0	\$ 10,301,208
0	0	0	1,060,800	0	3,193,141
0	0	0	2,643,000	0	2,643,000
0	0	0	636,537	0	1,346,538
\$ 0	\$ 0	\$ 0	\$ 6,099,980	\$ 0	\$ 17,483,887
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 408,574
0	0	0	0	0	298,926
0	0	0	165,000	137,379	874,415
\$ 0	\$ 0	\$ 0	\$ 165,000	\$ 137,379	\$ 1,581,915
\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,293,832	\$ 7,902,743
0	0	0	0	232,446	327,416
0	0	0	0	143,800	1,146,139
0	0	0	4,179,510	0	4,179,510
0	0	0	2,211,793	2,589,788	6,308,288
\$ 0	\$ 0	\$ 0	\$ 6,391,303	\$ 9,259,866	\$ 19,864,096
\$ 270,726	\$ 761,000	\$ 476,000	\$ 14,503,834	\$ 9,397,245	\$ 97,299,376
\$ 217,900	\$ 0	\$ 381,000	\$ 14,503,834	\$ 6,229,833	\$ 62,974,017
19.51%	100.00%	19.96%	0.00%	33.71%	35.29%

1995 Proposed Budget

1995 Proposed Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride	ADA Paratransit Services
Revenue					
Farebox	\$ 21,397,404	\$ 579,700	\$ 3,226,900	\$ 4,104,802	\$ 434,880
Half-Fare Reimbursement	0	0	0	0	0
Other	1,021,902	21,828	122,313	0	0
Fare Restructuring	600,000	0	0	0	0
Total Revenue	\$ 23,019,306	\$ 601,528	\$ 3,349,213	\$ 4,104,802	\$ 434,880
Operating Expenses					
Operations					
Labor/Fringes	\$ 33,925,348	\$ 1,050,520	\$ 0	\$ 0	\$ 0
Parts/Supplies	23,026	750	0	0	0
Purchased Transportation/Other	160,242	8,300	9,855,689	6,520,772	5,760,000
Total Operations	\$ 34,108,616	\$ 1,059,570	\$ 9,855,689	\$ 6,520,772	\$ 5,760,000
Vehicle Maintenance					
Labor/Fringes	\$ 8,863,507	\$ 219,777	\$ 0	\$ 0	\$ 0
Parts/Supplies	2,176,630	82,090	0	0	0
Fuel	0	0	0	0	0
Other	142,653	50,708	0	549,325	0
Total Vehicle Maintenance	\$ 11,182,790	\$ 352,575	\$ 0	\$ 549,325	\$ 0
Non-Vehicle Maintenance					
Labor/Fringes	\$ 671,088	\$ 0	\$ 0	\$ 0	\$ 0
Parts/Supplies	229,000	0	0	0	0
Other	441,245	0	0	0	0
Total Non-Vehicle Maintenance	\$ 1,341,333	\$ 0	\$ 0	\$ 0	\$ 0
General Administration					
Labor/Fringes	\$ 1,536,780	\$ 213,754	\$ 0	\$ 0	\$ 0
Parts/Supplies	92,500	150	0	0	0
Utilities	1,201,360	500	0	0	0
Insurance	0	0	0	0	0
Other	625,250	2,762	0	662,097	0
Total Administration	\$ 3,455,890	\$ 217,166	\$ 0	\$ 662,097	\$ 0
Total Expenses	\$ 50,088,629	\$ 1,629,311	\$ 9,855,689	\$ 7,732,194	\$ 5,760,000
Funding Requirement	\$ 27,069,323	\$ 1,027,783	\$ 6,506,476	\$ 3,627,392	\$ 5,325,120
Recovery Ratio	45.96%	36.92%	33.98%	53.09%	7.55%

Cook-DuPage Special Services	Vanpool	Southwest Rapid Transit	Centralized Support	Administration	1995 Budget Total
\$ 34,250	\$ 1,098,397	\$ 96,000	\$ 0	\$ 0	\$ 30,972,333
0	0	0	0	1,834,000	1,834,000
0	0	0	0	1,432,289	2,598,332
0	0	0	0	0	600,000
\$ 34,250	\$ 1,098,397	\$ 96,000	\$ 0	\$ 3,266,289	\$ 36,004,665
\$ 0	\$ 0	\$ 492,000	\$ 1,932,065	\$ 0	\$ 37,399,933
0	0	0	0	0	23,776
211,286	1,098,397	0	0	0	23,614,686
\$ 211,286	\$ 1,098,397	\$ 492,000	\$ 1,932,065	\$ 0	\$ 61,038,395
\$ 0	\$ 0	\$ 0	\$ 1,839,477	\$ 0	\$ 10,922,761
0	0	0	1,096,188	0	3,354,908
0	0	0	2,685,000	0	2,685,000
0	0	0	656,200	0	1,398,886
\$ 0	\$ 0	\$ 0	\$ 6,276,865	\$ 0	\$ 18,361,555
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 671,088
0	0	0	0	0	229,000
0	0	0	170,000	137,820	749,065
\$ 0	\$ 0	\$ 0	\$ 170,000	\$ 137,820	\$ 1,649,153
\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,591,006	\$ 8,341,540
0	0	0	0	242,150	334,800
0	0	0	0	145,350	1,347,210
0	0	0	4,404,782	0	4,404,782
0	0	0	2,341,253	2,735,163	6,366,525
\$ 0	\$ 0	\$ 0	\$ 6,746,035	\$ 9,713,669	\$ 20,794,857
\$ 211,286	\$ 1,098,397	\$ 492,000	\$ 15,124,965	\$ 9,851,489	\$ 101,843,960
\$ 177,036	\$ 0	\$ 396,000	\$ 15,124,965	\$ 6,585,200	\$ 65,839,295
16.21%	100.00%	19.51%	0.00%	33.16%	35.10%

Appendix B

RTA/Pace Paratransit Grant

For 1994, the RTA awarded Pace a special paratransit grant consisting of the five following service elements.

- Restoration of the local Dial-a-Ride funding formula to \$2.50 or 75% of deficit (whichever is less) for the second through fourth quarters of 1994. This element actually reduces operating revenue as the local share subsidy is reduced. It is, therefore, shown as a deduction to revenue which increases the deficit funding requirement.
- The restructuring of local Dial-a-Ride services and funding formula for projects in DuPage County.
- The early implementation of ADA paratransit service in Will and Kane Counties.
- The marginal cost of ADA paratransit service in Cook, DuPage and Lake Counties above the amount budgeted for in the base ADA paratransit budget (\$5.0 million) for 1994.
- Pace projects that only \$.6 million of the \$1.4 million grant will be used in 1994. The majority of the under spending is a result of lessened demand for ADA paratransit service in Cook, DuPage and Lake Counties. Due to this lower demand, Pace does not expect to exceed its base ADA paratransit

budget for 1994 and, subsequently, will not need the additional funding provided via the grant. Also contributing to the under spending of the grant is a lack of demand for ADA paratransit service in Will County. Few individuals have registered to use the service, subsequently utilization has been low. One of the more popular elements of the grant, the restoration of the Dial-a-Ride funding formula, will reach budgeted levels as all local Dial-a-Ride projects benefit from this grant element's support of ongoing operations.

For 1995, Pace is projecting that the full year cost of operation of the Will and Kane County ADA paratransit service will result in a significant increase in costs. As more individuals become familiar with and are registered to use the service, the demand and cost will increase in 1995.

The Dial-a-Ride funding formula element is projected for a full year of subsidy in 1995 as opposed to the three quarters of subsidy provided in 1994. The 1995 Pace budget assumes a Dial-a-Ride subsidy formula of \$2.00/70%; this is increased to \$2.50/75% via the grant element. The table on page 68 shows the Pace subsidy by project, both with and without the grant.

RTA/Pace Paratransit Grant Budget 1994-1995 (000's)

	Budget 1994	Estimated 1994	Projected 1995
Revenue			
Dial-a-Ride Formula Restoration	\$ (352)	\$ (352)	\$ (472)
DuPage Restructuring (1)	126	(48)	(94)
Will County ADA Paratransit	14	1	13
Kane County ADA Paratransit	7	1	15
Cook/DuPage/Lake ADA Expansion	40	0	0
Total Revenue	\$ (165)	\$ (398)	\$ (538)
Expense			
Dial-a-Ride Formula Restoration	\$ 0	\$ 0	\$ 0
DuPage Restructuring (1)	388	142	246
Will County ADA Paratransit	189	15	171
Kane County ADA Paratransit	97	11	211
Cook/DuPage/Lake ADA Expansion	540	0	0
Total Expense	\$ 1,214	\$ 168	\$ 628
Deficit			
Dial-a-Ride Formula Restoration	\$ 352	\$ 352	\$ 472
DuPage Restructuring (1)	262	190	340
Will County ADA Paratransit	175	14	158
Kane County ADA Paratransit	90	10	196
Cook/DuPage/Lake ADA Expansion	500	0	0
Total Deficit	\$ 1,379	\$ 566	\$ 1,166

Note: These revenues and costs are excluded from the base budget submission.

(1) 1995 revenue and costs have been revised from the proposed budget in October removing the expansion element associated with the DuPage restructuring project and reflecting the Pace base budget of \$75,000 for ADA paratransit in both Kane and Will Counties.

1995 Dial-a-Ride Formula By Project With and Without Grant

	Grant Subsidy @ \$2.50/75%	No Grant Subsidy @ \$2.00/70%	Reduction
Antioch Village/Township	\$ 2,535	\$ 2,366	\$ 169
Aurora Township	73,250	58,600	14,650
Batavia Township	20,750	16,600	4,150
Bellwood (Proviso Township)	82,500	66,000	16,500
Bensenville	90,750	72,600	18,150
Berwyn/Cicero	47,500	38,000	9,500
Bloom Township	92,500	74,000	18,500
Bloomington Township	69,380	55,504	13,876
Calumet Township	41,050	32,840	8,210
Crestwood	29,685	24,860	4,825
Dundee Township	35,000	28,000	7,000
Ela Township	35,542	31,000	4,542
Forest Park	29,000	23,200	5,800
Fox Lake/Grant Township	19,999	17,919	2,080
Frankfort Township	36,250	29,000	7,250
Harvard	42,500	34,000	8,500
Lake Villa Township	200	160	40
Lemont Township	21,500	17,200	4,300
Lyons Township	96,250	77,000	19,250
Marengo	17,250	13,800	3,450
Norridge	28,163	26,286	1,877
Oak Park Township	82,500	66,000	16,500
Orland Park	54,250	43,400	10,850
Palatine Township	36,250	29,000	7,250
Palos Hills	35,625	28,500	7,125
Park Forest	101,925	95,129	6,796
Peotone	56,250	45,000	11,250
Rich Township	40,000	32,000	8,000
Schaumburg	176,000	140,800	35,200
Stickney Township	62,500	50,000	12,500
St. Charles	22,000	17,600	4,400
Tinley Park	21,250	17,000	4,250
Vernon Township	25,250	20,200	5,050
Woodstock	102,911	94,000	8,911
Worth Township	39,400	31,520	7,880
Addison	10,873	8,698	2,175
Elk Grove	102,000	81,600	20,400
Hometown	7,150	5,720	1,430
Leyden	83,003	66,402	16,601
Naperville/Lisle	44,000	35,200	8,800
Milton	19,580	15,664	3,916
Elgin	45,129	42,000	3,129
Downers Grove	39,000	31,200	7,800
Barrington	33,058	29,850	3,208
Collar County Private Contracts*	1,949,000	1,862,000	87,000
Total	\$4,100,458	\$3,627,418	\$473,040

* These contracts are funded on a straight percentage basis.

Appendix C

Budget Process, Basis and Debt

The RTA Act which governs Pace's existence contains specific language describing both the budget process and RTA review criteria.

The Budget Process

By September 15, the RTA is to advise Pace and the other service boards (CTA and Metra) of the amounts and timing for the provision of public funding via the RTA for the coming and two following fiscal years. At the same time, the RTA is to advise Pace, CTA and Metra of their required system generated recovery ratio for the coming fiscal year. In establishing the recovery ratio requirement, the RTA is to take into consideration the historical system generated recovery ratio for the services subject to each service board. The RTA is not to increase the recovery ratio for a service board disproportionately or prejudicially to increases in the ratio for the other service boards.

To facilitate the RTA action by September 15, Pace and the other service boards submit a draft budget and financial plan to the RTA for their review in August. The August submittal is not required by law but serves to improve the budget process by allowing the RTA to consider up-to-date forecasts and projections prior to making their September 15 decision on funding levels and recovery rate requirements. This year, as has happened in the past, the RTA missed the September 15 date and marks were established on September 21.

By November 15, Pace is required to submit a budget proposal to the RTA for the coming fiscal year and a financial plan for the two following years which is consistent with the recovery ratio and funding marks established by the RTA in September.

Prior to submitting a budget and financial plan to the RTA, Pace is required to prepare and publish a comprehensive budget and program document (as represented by this document) and hold at least one public hearing on the budget in each of the six counties. Due to its large size, Pace typically holds three public hearings in Cook County. A schedule of the public hearings is contained in appendix D of this document. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CATS and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Over 2,000 copies of the proposed budget document are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens.

At the conclusion of these meetings and hearings, the Pace Board

meets to evaluate the input gained, make recommendations for changes to the proposed budget as necessary, and then adopts a final program and budget by ordinance. This action is taken prior to the submittal of the budget and program to RTA by November 15.

RTA Review Criteria

Once the final program and budget is submitted to the RTA, the RTA is required to evaluate it in accordance with six key criteria as established in the RTA Act.

- The budget and plan must show a balance between (a) anticipated revenues from all sources including operating subsidies and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.
- The budget and plan must show cash balances including the proceeds of any anticipated cash flow borrowing sufficient to pay with reasonable promptness all costs and expenses as incurred.
- The budget and plan must provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of the service board sufficient to allow the service board to meet its required system-generated recovery ratio.
- The budget and plan are based upon and employ assumptions and projections which are reasonable and prudent.
- The budget and plan must have been prepared in accordance with sound financial practices as determined by the Board.
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may by rule or regulation establish.

If the RTA finds a service board budget submittal does not meet

these criteria, it can withhold public funding (other than formula sales tax proceeds) from the service board. The RTA Act further requires that the RTA adopt a budget for the service board within five days of the start of the fiscal year should the service board fail to submit a budget which meets the criteria.

Once the RTA has evaluated the budget submittals of Pace and the service boards, they then consolidate the information along with their own regional budget and plan information.

The consolidated regional budget must also achieve certain criteria. Chief among them is the requirement for the consolidated budget to cover 50% of its operating costs from fares and other operating revenues. This is considered the regional recovery rate requirement. The RTA also meets with each county board and holds public hearings in each county on the consolidated regional budget and plan. At the conclusion of these meetings and hearings, the RTA adopts a final budget and plan which requires the approval of nine of the RTA's thirteen directors. The RTA Act requires that the RTA is to adopt the consolidated regional budget no later than December 31 for presentation to the Governor and General Assembly.

Budget Amendment Process

The Pace Board may make additional appropriations, transfers between line items and other changes to its budget at any time as long as the changes do not alter the basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general increase or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another service board if it determines such an amendment is necessary. Generally, this would only occur if a service board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the service board to submit an amended within a specified time frame. Additionally, the RTA may require the service boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The service boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

Basis of Budgeting

Pace's operating budget is prepared in a manner consistent with Pace's financial statements which are prepared on the accrual basis of accounting for a proprietary (enterprise) fund type. Pace maintains a chart of accounts consistent with the Federal Transit Administration's Section 15 based financial reporting requirements. In general, these accounts are established by activity type (i.e., labor, materials and other) for four main expense object areas—operations, maintenance, non-vehicle maintenance and administration. Further segregation of accounts is used to identify activities by object class for individual service programs (i.e., vanpool, Dial-a-Ride, etc.)

Debt

Pace has no outstanding debt. Pace does not have statutory authority to independently issue debt, but may direct the RTA to issue up to \$5.0 million in working cash notes on its behalf. Pace has never exercised this option.

Appendix D

Glossary

Glossary (Budget Terms)

- administration expense** Expense of labor, materials, and fees associated with general office functions, insurance, safety, legal services, and customer services.
- cost per mile** Operating expense divided by vehicle miles for a particular program or in total.
- cost per passenger** Operating expense divided by ridership for a particular program or in total.
- farebox revenue** Revenues gained from passengers and local, employer and other fare subsidies exclusive of the State Half-fare subsidy program. Also excludes interest income and advertising revenues.
- fares** The amount charged to passengers for use of various services.
- fringes** (fringe benefit expense) Pay or expense to or on behalf of employees not for performance of their work, including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workmen's compensation, social security costs and other allowances.
- funding formula** A specific formula used to determine a subsidy level.
- labor expense** The cost of wages and salaries (including overtime) to employees for performance of their work.
- maintenance expense** Expense of labor, materials, services, and equipment used to repair and to service transit vehicles and service vehicles including all fuels for vehicle propulsion.
- non-vehicle maintenance expense** Expense of labor, materials, services, and equipment used to repair and service way and structures, vehicle movement control systems, fare collection equipment, communication systems, buildings and grounds and equipment other than vehicles.
- operating assistance** Financial assistance for transit operations (not capital expenditures). Such aid may originate with federal, local or state governments.
- operations expense** Expense for labor, materials, fees and rents required for operating transit vehicles and passenger stations except electric propulsion power.
- private contract services** Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract. Also known as purchased transportation.
- program** (noun) Refers to groupings of expense accounts of similar activities or objects of expenditures (i.e., operations, maintenance, administration, or vanpool, dial-a-ride, as well as capital programs).
- program** (verb) To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA approves Pace's capital budget, certain funds will be "programmed" so that they may be obligated (i.e., contracts signed) during the upcoming year; these funds may be expended during future years, not necessarily in the upcoming year.
- purchased transportation** Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract to Pace.
- recovery ratio** In total, equals system generated revenues divided by total operating expenses or can be calculated for a particular program. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region must attain a recovery ratio of at least 50% for a given year.

services (purchased service) Services performed by outside organizations for a fee. Purchased transportation is considered a purchased service.

subsidy Funds received from another source which are used to cover the cost of a service or program that is not self-supporting.

system generated revenue (total operating revenue) The total revenue generated from operations includes fare-box revenues, local subsidies, state fare subsidies, advertising, interest and all other income. Excludes RTA and Federal subsidies.

total operating expense The sum of "vehicle operations," "vehicle maintenance," "non-vehicle maintenance," and "general administration," expense categories.

Transit Service Terms

ADA The Americans with Disabilities Act of 1990. Transit systems are required to offer accessible mainline services and complementary ADA paratransit services by the Act and were given until January, 1997 to achieve full compliance.

ADA paratransit service Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips from and to specific locations within the ADA service area to certified participants in the program.

Cook-DuPage Special Service Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips from and to specific locations beyond the ADA service area in Cook and DuPage counties to certified participants in the program.

CTA The Chicago Transit Authority, created by state legislation began operations in 1947. Operates bus and Rapid Transit service in the City and several suburbs.

Dial-a-Ride service (D-A-R) Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips from and to specific locations within the Dial-a-Ride service area to individuals deemed eligible based on local requirements.

express bus (or route) A suburban or intercity bus that operates a portion of the route without stops or with a limited number of stops.

fixed route service Pace service provided on a regularly scheduled basis along a specific route with vehicles stopping to pick up and discharge passengers along the route.

full size bus A bus from 35 to 41 feet in length.

medium size bus A bus from 29 to 34 feet in length.

Metra The Commuter Rail Division of the RTA. Created in 1983 by amendment to the RTA Act to operate and oversee commuter rail operations in Northeastern Illinois.

Pace The Suburban Bus Division of the RTA. Created in 1983 by amendment to the RTA Act, responsible for all non-rail suburban public transit service with the exception of those services provided by CTA.

paratransit service A generic term used to describe non-fixed route service utilizing vans or buses to provide pre-arranged trips within the system service area.

ridership (unlinked passenger trips) The number of transit vehicle boardings. Each passenger counted each time that person boards a vehicle.

rolling stock Public transportation vehicles which for Pace include all buses and vans.

service board A reference to the region's transit operators—CTA, Metra and Pace.

Transit Service Terms continued

small bus A bus 28 feet or less in length.

Special Service Another name for "Paratransit Service."

subscription bus A Pace service program which provides regular daily express bus service to 30 or more individuals with guaranteed seating that is open to the general public.

total vehicle miles Sum of all miles operated by passenger vehicles, including mileage when no passengers are carried.

van A 20-foot long or shorter vehicle, usually with an automotive-type engine and limited seating normally entered directly through side or rear doors rather than from a central aisle, used for demand response and vanpool service.

vanpool Pace's VIP (Vanpool Incentive Program) - a group of 5 to 15 people who commute to and from work together in a Pace-owned van.

wheelchair accessible vehicle (accessible vehicle) A vehicle that a wheelchair-bound person may enter either 1) via an on-board retractable lift or ramp, 2) directly from a station platform reached by an elevator or a ramp that is either level with the vehicle floor or can be raised to floor level.

Funding Terms

CMAQ Congestion Mitigation/Air Quality Grant A federal grant program designed to support transportation projects which reduce traffic congestion and improve air quality.

Discretionary funds Funds which the RTA allocates, at its discretion, to the service boards. These funds include the 15% of the RTA sales tax and PTF.

FTA (Federal Transit Administration) FTA generally provides funding for operations (operating assistance) and capital. There are several federal programs that provide funding for transit. Section 9 funds and CMAQ (Congestion Mitigation/Air Quality Improvement) funds are available for capital and operating purposes. Section 3, Surface Transportation and Interstate Transfer funds, are available for capital only.

Positive Budget Variance (PBV) The amount by which a Service Board comes in favorable to available funding from RTA in a given budget year. RTA policy allows the service boards to retain these funds in an unrestricted fund balance which can be used for capital projects or one time operating expenses.

Public Transportation Fund (PTF) An operating subsidy from the State of Illinois equivalent to 25% of the RTA sales tax collected. RTA is required to allocate these funds to the service boards, although the basis is at their discretion. (Also known along with 15% sales taxes, as discretionary funds).

RTA sales tax A sales tax of 1% in Cook County and 1/4% in the collar counties of DuPage, Kane, Lake, McHenry and Will.

- 85% of the sales tax is fully distributed to the service boards by the RTA according to formulas established by the RTA Act. (also known as formula funds or 85% funds).
- 15% of the sales tax is retained by the RTA and distributed to the service boards at its discretion (also known as discretionary funds).

Appendix E

Reference

Background data on Pace and its market are provided below:

Market Data

1990 Suburban Population	4,454,317
1990 Chicago Population	2,783,726
1990 Suburban Employment	2,163,660
1990 Chicago Employment	1,376,730
Suburban Population Density	1,293 per sq. mile
Suburban Employment Density	651 per sq. mile
Suburban Employers (over 100 employees)	3,600

Fixed Route Service

Number of Fixed Routes	228
Number of Accessible Routes	108
Peak Period Vehicle Requirements	589
Pace Owned Fleet Size	558
Number Accessible	324
Average Vehicle Age	3.9 years
Contractor Owned Fleet Size	127
Number of Private Contractors	13
Number of Pace Owned Garages	9
Number of Pace Municipal Contractors	3

Paratransit

Number of Communities Served	210
Number of Local Dial-A-Ride Projects	54
Number of ADA Service Projects	12
Pace Owned Fleet Size	316
Average Vehicle Age	4.4 years

Other

Number of Pace Employees (FTE's)	1,288
Vanpools in Operation (Sept. 1994)	143

1994 Ridership (Estimated)	Total	Average Daily
Fixed Route	36,466,000	127,248
Paratransit	1,502,000	5,867
Vanpool	488,000	1,906
Total	38,456,000	135,021

1994 Vehicle Miles (Estimated)	Total
Fixed Route	22,909,000
Paratransit	7,404,000
Vanpool	2,888,000
Total	33,201,000

Trends

Ridership		
	Passengers	% Change
1986	36,075,820	-6.0%
1987	35,569,400	-1.4%
1988	36,708,025	3.2%
1989	37,864,058	3.2%
1990	40,309,915	6.5%
1991	40,548,871	.6%
1992	39,350,379	-3.0%
1993	38,269,694	-2.8%
1994 Estimate	38,456,000	.5%

Recovery Ratio		
	Recovery Rate	% Change
1986	32.07%	8.4%
1987	32.49%	1.3%
1988	31.78%	-2.2%
1989	32.83%	3.3%
1990*	38.01%	15.8%
1991	36.46%	-4.1%
1992	36.31%	-0.4%
1993	36.41%	.3%
1994 Estimate	35.28%	-3.1%

* State half-fare program begins

Cost Per Mile		
	Cost Per Mile	% Change
1986	\$2.82	3.7%
1987	\$2.84	0.7%
1988	\$2.91	2.5%
1989	\$2.96	1.7%
1990	\$2.89	-2.4%
1991	\$2.93	1.4%
1992	\$2.96	1.0%
1993	\$2.91	-1.7%
1994 Estimate	\$2.93	.7%

Cost Per Passenger		
	Cost Per Passenger	% Change
1986	\$1.75	0.0%
1987	\$1.80	2.6%
1988	\$1.94	7.7%
1989	\$1.95	0.8%
1990	\$1.93	-1.2%
1991	\$2.04	5.5%
1992	\$2.26	11.1%
1993	\$2.41	6.6%
1994 Estimate	\$2.53	5.0%

Subsidy Per Trip		
	Subsidy Per Trip	% Change
1986	\$1.19	0.0%
1987	\$1.21	2.1%
1988	\$1.32	8.8%
1989	\$1.32	-0.3%
1990	\$1.20	-9.2%
1991	\$1.29	8.2%
1992	\$1.44	11.3%
1993	\$1.53	6.3%
1994 Estimate	\$1.64	7.2%

Notes

Notes

Notes

This document was prepared by
Pace's Capital Planning and Budget
Departments under the direction
of Terrance Brannon, Deputy
Executive Director, Planning and
Administration.

Budget Staff

Roman Romatoski,
Department Manager
Renaldo Dixon
Lon Bodor
Tim Morgan

Capital Planning

Rosemarie Truppa,
Department Manager
Vicky Tan
Dan Leveille

Production and Graphics

Kathy Fountain
Janice Parker

Design

Eda Warren of
Desktop Publishing Services

Photos

Renee Verven

Contributors

Melinda J. Metzger
Deputy Executive Director
Operations

Bill Reynolds
Department Manager
Operations Analysis

Gerri Scott
Intergovernmental Affairs Officer

Enid Spector
Department Manager
Paratransit Services

Jim Jarzab
Department Manager
Strategic Planning

Dee Uhlmansiek
Board Secretary



550 W. Algonquin Road
Arlington Heights, IL 60005
708.364.7223